ACC

63rd ANNUAL REPORT

1998-1999

THE ASSOCIATED CEMENT COMPANIES LIMITED

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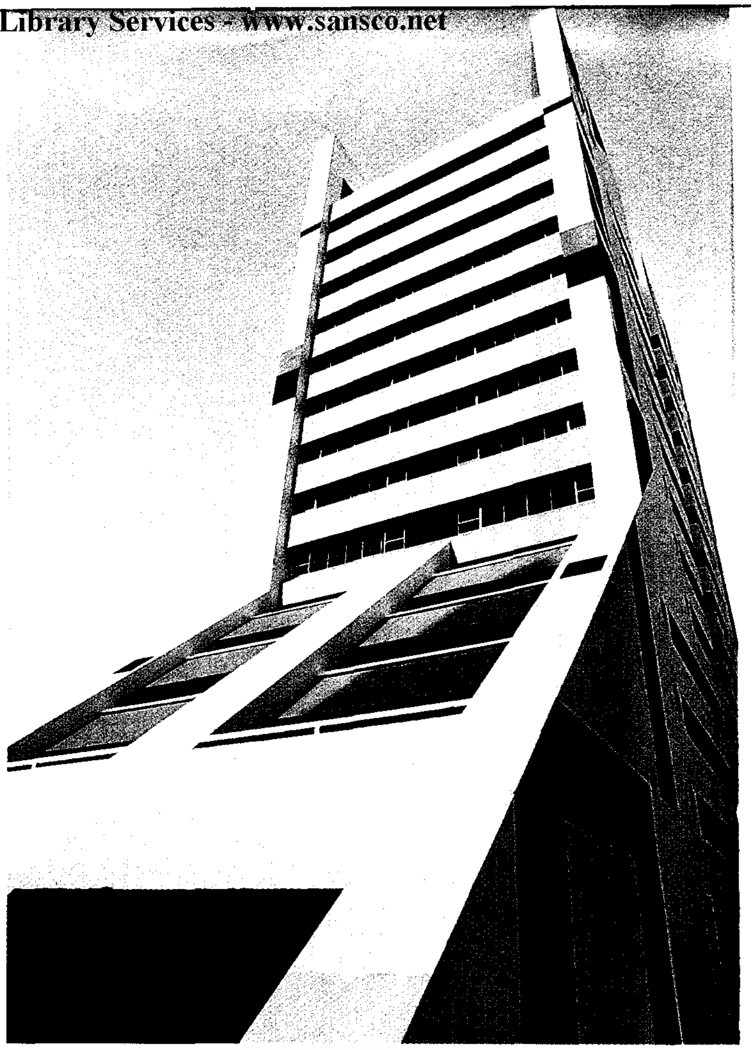

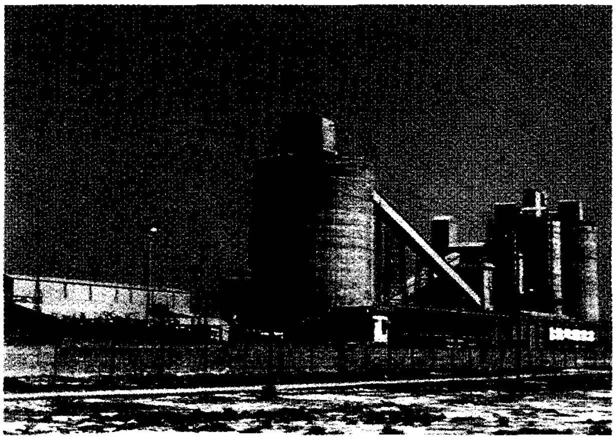

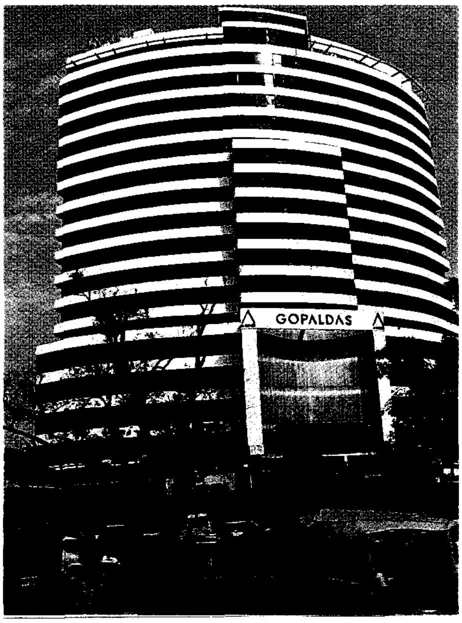

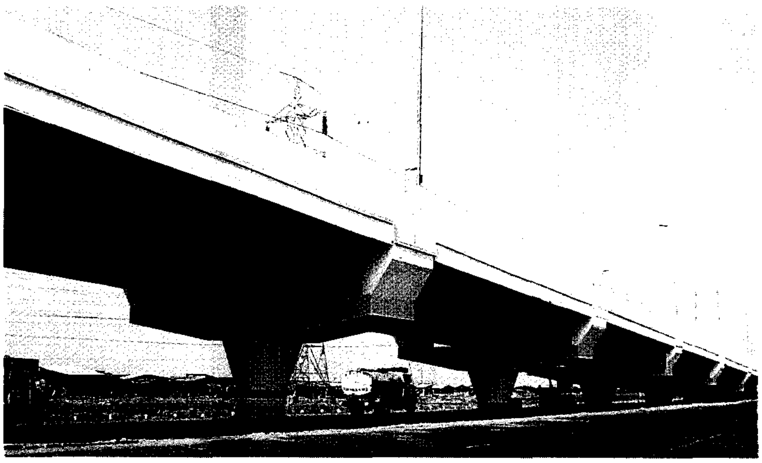

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ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Mr. N. A. Palkhivala
Chairman Emeritus

Mr. Pallonji S. Mistry
Chairman

Dr. S. Ganguly
Vice-Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. S. R. Vakil

Mr. P. K. Mistry

Mr. P. J. Jagus

Mr. N. A. Soonawala

Mr. O. P. Dubey

Dr. A. K. Chatterjee
Wholetime Director

Mr. M. L. Narula
Wholetime Director

Mr. P. K. Sinor
Wholetime Director & Company Secretary

Mr. J. N. Godbole
Nominee Director of Industrial Development Bank of India

Mr. Amitabha Ghosh
Nominee Director of Unit Trust of India

Mr. B. Ramakrishna
Special Director nominated by State Government of Andhra Pradesh

Mr. K. Jayabharath Reddy, IAS
Special Director nominated by State Government of Andhra Pradesh

BANKERS

STATE BANK OF INDIA
BANK OF BARODA
BANK OF INDIA
CENTRAL BANK OF INDIA
CANARA BANK
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER & JAIPUR
ANZ GRINDLAYS BANK
BANK OF AMERICA
CITI BANK N.A.
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED

AUDITORS

MESSRS A.F. FERGUSON & CO.
MESSRS K.S. AIYAR & CO.

SOLICITORS

S. R. VAKIL
MESSRS PAYNE & CO.
MESSRS GAGRAT & CO.

CONTENTS

REGISTERED OFFICE

CEMENT HOUSE
121, MAHARSHI KARVE ROAD,
MUMBAI 400 020.

ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited

The Cement Marketing Company of India Limited

ACC-Nihon Castings Limited

Bulk Cement Corporation (India) Ltd.

Damodhar Cement and Slag Limited

ANNUAL GENERAL MEETING

On Wednesday, July 7, 1999,
at 3.45 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020

Members are requested to kindly bring their copies of the Annual Report to the Meeting.

ACC

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-THIRD ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES, LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Wednesday, July 7, 1999 at 3.45 p.m. to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 1999 and the Balance Sheet as at that date.

2. To declare a dividend.

3. To appoint a Director in place of Mr. N.A. Palkhivala who retires by rotation and is eligible for reappointment.

4. To appoint a Director in place of Dr. A.K. Chatterjee who retires by rotation and is eligible for reappointment.

5. To appoint a Director in place of Mr. M.L. Narula who retires by rotation and is eligible for reappointment.

6. To appoint a Director in place of Mr. O.P. Dubey who was appointed a Director of the Company with effect from March 25, 1998, in the casual vacancy on the Board caused by the resignation of Mr. K.P. Narasimhan and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 262 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing from some Members proposing his candidature for the office of Director under the provisions of Section 257 of the Act.

RATIFICATION OF PAYMENT OF REMUNERATION TO MANAGING/WHOLETIME DIRECTORS

7. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby ratifies and confirms the payment of remuneration amounting to Rs.22,77,267 to Mr. T.M.M. Nambiar, Managing Director, Rs.17,50,721 to Dr. A.K. Chatterjee, Rs.15,18,520 to Mr. M.L. Narula and Rs.15,19,032 to Mr. P.K. Sinor, Wholetime Directors, (inclusive of exempted perquisites viz contribution to Provident Fund and Superannuation Fund) for the financial year ended March 31,1999 and subject to the approval of the Central Government waives the recovery of the sum of Rs.9,84,267 from Mr. T.M.M. Nambiar, Rs.5,38,721 from Dr. A.K. Chatterjee, Rs.3,06,520 from Mr. M.L. Narula and Rs.3,07,032 from Mr. P.K. Sinor being the remuneration paid/ payable to them in excess of the statutory limits laid down under the Act and approves of the consequential retention thereof by them."

REVISION IN TERMS OF REMUNERATION OF MANAGING/WHOLETIME DIRECTORS

8. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that in partial modification of Resolution Nos.11, 13 & 14 passed at the Annual General Meeting of the Company held on August 28, 1996 for the appointment and terms of remuneration of Mr. T.M.M. Nambiar as Managing Director, Dr. A.K. Chatterjee and Mr. M.L. Narula as Wholetime Directors of the Company respectively and in partial modification of Resolution No.8 passed at the Annual General Meeting held on September 3, 1997 for the appointment and terms of

remuneration of Mr. P.K. Sinor as Wholetime Director of the Company and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in salary scale applicable to Mr. T.M.M. Nambiar, Managing Director, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of their respective appointments) with authority to the Board of Directors to fix their salaries within their respective scales, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from April 1, 1999 for the remainder of the tenure of their contracts as set out in the respective draft Supplemental Agreements submitted to this Meeting and initialled by a Director for the purpose of identification which Agreements are hereby specifically sanctioned."

INCREASE IN THE BORROWING LIMITS

9. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that in supersession of Resolution No.16 passed at the Sixtieth Annual General Meeting of the Company held on August 28, 1996 and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, any sum or sums of moneys which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys so borrowed by the Board shall not at any time exceed Rupees three thousand crore."

CREATION OF CHARGES/ MORTGAGES IN FAVOUR OF FINANCIAL INSTITUTIONS/ BANKS ETC. AS SECURITY AGAINST LOANS

10. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies/Trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions/ banks/any other investing agencies or any other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rupees Three thousand crore together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other moneys payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into/to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with the aforesaid parties or any of them, the

documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

INCREASE IN AUTHORISED CAPITAL

11. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that the Authorised Capital of the Company be increased from Rs.225,00,00,000 divided into 22,50,00,000 Equity Shares of Rs.10 each to Rs.325,00,00,000 divided into 22,50,00,000 Equity Shares of Rs.10 each and 10,00,00,000 Preference Shares of Rs.10 each by the creation of 10,00,00,000 Preferences Shares of Rs.10 each and that Clause V of the Memorandum of Association of the Company be altered accordingly."

AMENDMENT TO ARTICLES OF ASSOCIATION

12. To consider and, if thought fit, to pass with or without modification the following Resolution as a Special Resolution :—

"RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956 in the manner following :

For Article 4, the following Article shall be substituted :

'4 The Share Capital of the Company is Rs.325,00,00,000 divided into 22,50,00,000 Equity Shares of Rs.10 each and 10,00,00,000 Preference Shares of Rs 10 each.'

ISSUE OF PREFERENCE SHARES

13. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :—

"RESOLVED that pursuant to Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and the Articles of Association of the Company and subject to such other consents and approvals, if any, as may be necessary and subject to such conditions and modifications as may be prescribed in granting such consents and approvals and which may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot such number of Redeemable Preference Shares of the face value of Rs.10/- each of an aggregate nominal value not exceeding Rs.100 crore (Rupees one hundred crore), exclusive of such premium if any, as may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/ foreign investors (whether institutions/banks and/or incorporated bodies (including companies) and/or any other body corporate and/or trusts and/or mutual funds and/ or local bodies and/or any combination thereof) and whether or not such investors are members of the Company, on such terms and conditions, bearing such dividend and in one or more tranches as may be decided by the Board in its absolute discretion.

"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorized to determine as to when the said Preference Shares are to be issued, the types and classes of investors to whom the Preference Shares are to be offered, the number and value of the Preference Shares to be issued in each tranche, utilisation of the issue proceeds, the terms and conditions

subject to which the Preference Shares are to be issued (including combination of terms for Preference Shares issued at various points of time), including but not limited to the number of shares to be issued, the rate of dividend, period of redemption, manner of redemption (including by conversion to equity, if permissible in law), premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or otherwise of dividends including disposal of the unsubscribed portion of the Preference Shares and all such terms as are provided in offerings of a like nature.

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur expenses in relation thereto."

SERVICE TAX

14. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :—

"RESOLVED that Messrs A.F. Ferguson & Co. and Messrs K.S. Aiyar & Co., Chartered Accountants, be paid an amount not exceeding Rs. 1.61 lakhs being the amount representing the service tax on audit fees for carrying out the statutory audit of the accounts of the Company for the period April 1, 1998 to March 31, 1999."

REAPPOINTMENT OF AUDITORS

15. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :—

"RESOLVED that Messrs A.F. Ferguson & Co. and Messrs K.S. Aiyar & Co., Chartered Accountants, be and are hereby reappointed Auditors of the Company for the financial year 1999-2000 to hold office from the conclusion of the Sixty-Third Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.8.10 lakhs to each of them and that they also examine and audit the accounts of the factories and branch offices of the Company on a further remuneration to any one of them of Rs.72,000 for each factory and overseas projects, Rs.30,000 for each branch office, Rs.3,600 for each cement warehouse and Rs.10,000 for each Ready Mixed Concrete Plant and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required plus service tax, out-of-pocket, travelling and living expenses."

Notes : (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(b) The Register of Members and Transfer Books of the Company will be closed from Monday, June 7, 1999 to Tuesday, June 22, 1999 both days inclusive.

(c) The Dividend when sanctioned will be paid on and from July 15, 1999 to those shareholders whose names stand on the Register of Members on June 22, 1999. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares as on 7th June 1999, as per details furnished by the Depositories for this purpose.

(d) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 6 to 15 as set out above are annexed hereto.

(e) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, debentureholders and fixed depositholders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Share Department/Fixed Deposit Section of the Company.

By Order of the Board,
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

T.M.M. NAMBIAR
Managing Director

Mumbai, May 10, 1999
Registered Office :
"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.

EXPLANATORY STATEMENTS

The following Explanatory Statements as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Items 6 to 15 mentioned in the accompanying Notice dated May 10, 1999.

2. **Item 6 :** At the request of Life Insurance Corporation of India (LIC), the Board of Directors has appointed Mr. O.P. Dubey, Zonal Manager, Eastern Zonal Office, as a Director of the Company with effect from March 25, 1998 in the casual vacancy of Mr. K.P. Narasimhan.

3. Under Section 262 of the Companies Act, 1956, Mr. Dubey holds office only till the date upto which Mr. Narasimhan in whose vacancy he has been appointed would have held office, viz., till the date of the forthcoming Annual General Meeting.

4. Notices under Section 257 of the Act have been received from some Members signifying their intention to propose the appointment of Mr. Dubey as a Director of the Company. It is in the interest of the Company to avail of Mr. Dubey's expertise and guidance.

5. **Item 7 :** Members will recall that pursuant to their approval, Agreements were entered into between the Company and Mr. T.M.M. Nambiar, Managing Director and Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors, for payment of remuneration to them which *inter alia* provide under the *'Minimum Remuneration'* clause that where in any financial year the Company has no profits or its profits are inadequate, the Company would pay them the remuneration by way of salary, perquisites and allowances specified in their respective Agreements as minimum remuneration. No commission however is payable to these Directors.

6. Under Section 309 of the Companies Act, 1956 the payment of remuneration to the Managing/Wholetime Directors cannot exceed 10% of the net profits of a company as computed under Section 349 of the Act. The total managerial remuneration cannot exceed, under Section 198 of the Act, 11% of the net profits of a company. As per Section 198(4) of the Companies Act, 1956, if in any financial year there is an absence or inadequacy of profits, the company cannot pay its directors, remuneration, in excess of the limit specified in Schedule XIII, Part II Section II of the Act without the express approval of the Central Government. Under Section 309(5A) of the Act, any sums paid in excess of these statutory limits become refundable to the company unless the company waives recovery of the amount paid in excess of the limits and such waiver is approved by the Central Government.

7. Inspite of the best efforts of the Management, the profitability of the Company for the financial year ended March 31, 1999 was once again low. This coupled with higher depreciation under Section 350 due to major investments, has resulted in a loss under Section 309(5) of the Companies Act, 1956.

8. The Board is of the opinion that, but for the major investments made by the Company in setting up additional capacities and modernising plants, both of which are in the interest of the Company as also in the national interest, the Directors would have been entitled to receive the full remuneration sanctioned. The absence of profits under Section 349 of the Companies Act, 1956, is mainly on account of the calculation of depreciation on the basis of the Written Down Value Method as required under Section 350 of the Act, resulting in provision for higher depreciation as compared to the depreciation provided in the books for the year 1998-99 on the

basis of the Straight Line Method. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per their respective Agreements approved by the Members and paid/payable to them during the financial year ended March 31, 1999 though these are in excess of the statutory limits to the extent set out in the Resolution.

9. Since the remuneration paid/payable (which includes exempted perquisites viz. Contributions to Provident Fund and Superannuation Fund) to the Managing/ Wholetime Directors as per the Members' approval is higher than the limit prescribed under Schedule XIII as mentioned above, the specific approval of the Central Government and the Members is necessary for the amounts paid in excess of the above limits as set out in Resolution at Item 7. The Central Government's approval is being sought to the retention by the Directors of the excess remuneration paid/ payable to them and being treated by the Department of Company Affairs as increased remuneration.

10. Members' ratification, and confirmation of the payment of remuneration made to these Directors as set out in the Resolution at Item 7 and the approval for the retention of remuneration in excess of the statutory limits laid down in Sections 198, 309 and 310 of the Act is requested. The Board commends the Resolution for acceptance by the Members.

11 Mr. T.M.M. Nambiar, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Directors of the Company are concerned or interested in the Resolution.

12. **Item 8 :** At the Annual General Meeting of the Company held on August 28, 1996, the Members had approved of the appointment of Mr. T.M.M. Nambiar as Managing Director of the Company on a salary of Rs.50,000 in the salary scale Rs.25,000 – Rs.75,000, Dr. A.K. Chatterjee and Mr. M.L. Narula as Wholetime Directors of the Company on a salary of Rs.30,000 in the salary scale Rs.25,000 – Rs.60,000 together with such perquisites and commission as specified in the Explanatory Statement annexed to the Notice of the Meeting.

13. Thereafter, at the Annual General Meeting of the Company held on September 3, 1997, the Members had approved of the appointment of Mr. P.K. Sinor as Wholetime Director of the Company on a salary of Rs.35,000 per month in the salary scale Rs.25,000 – Rs.60,000 together with such perquisites and commission as specified in the Explanatory Statement annexed to the Notice of the Meeting.

14. As the Members are aware, Government had liberalised Schedule XIII to the Act in 1994 enhancing the limits of managerial remuneration, but the Company had set for itself certain limits in this regard. The present salary scales of the Managing Director and the Wholetime Directors were based on the internal limits of the Company as framed in 1996 and as approved by the Members. It is now proposed to revise the salary scales of the Managing Director and the Wholetime Directors with effect from April 1, 1999 as follows :

The salary scale for Mr. T.M.M. Nambiar, Managing Director be enhanced to Rs.35,000 - Rs.1,50,000 per month and that of Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors of the Company be enhanced to Rs.25,000 - Rs.1,00,000 per month (with proportionate increase in the value of the benefits related to salary) for the remainder of the tenure of their contracts i.e. upto

March 31, 2001 in respect of Mr. T.M.M. Nambiar, Dr. A.K. Chatterjee and Mr. M.L. Narula and upto August 3, 2002 in respect of Mr. P.K. Sinor respectively with authority to the Board to fix their salaries within their respective scales from time to time. The annual increment will be merit based and take into account the Company's performance.

15. All other terms and conditions of the appointment of Mr. T.M.M. Nambiar, Managing Director, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors, as approved by the Members will remain unchanged. The Resolution for the change in the scale of salary payable to the Managing Director and the Wholetime Directors is commended for acceptance by the Members.

16. The draft Supplemental Agreements between the Company and Mr. T.M.M. Nambiar, Managing Director, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors, respectively are available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day of the Company.

17. Mr. T.M.M. Nambiar, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, are concerned or interested in the Resolution at Item 8 of the Notice.

18. This may also be treated as an abstract of the respective draft Supplemental Agreements between the Company and Mr. T.M.M. Nambiar, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, pursuant to Section 302 of the Companies Act, 1956.

19. **Items 9 & 10 :** Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the company in general meeting, borrow moneys (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves of the company that is to say, reserves not set apart for any specific purpose.

20. At the Sixtieth Annual General Meeting of the Company held on August 28, 1996, the Members had authorized the Board of Directors to borrow moneys not exceeding in the aggregate Rupees two thousand crore.

21. The Company has on hand various expansion, modernization and other capital expenditure projects for which it is expected to borrow from the Financing Institutions substantial sums of moneys the aggregate of which is expected to exceed Rupees two thousand crore.

22. In the circumstances, the sanction of the Members under Section 293(1)(d) of the Act is being sought to enable the Directors to borrow moneys to the extent of Rupees three thousand crore (excluding temporary loans) in supersession of the earlier Resolution passed on August 28, 1996.

23. The aforesaid borrowings by the Company are required to be secured by creating legal/equitable mortgages, hypothecation/charges on all or part of the immovable and/or movable assets of the Company, present and future in favour of the various Financing Institutions as set out in the Resolution at Item 10 of the Notice. As the Loan Agreements entered into by the Company with the various Financing Institutions generally incorporate a provision that the Lenders will have the power to take over the management of the Company in certain events, it is necessary for the Members to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956, before the creation of any such mortgage, hypothecation or charge.

24. Mr. O.P. Dubey, representative of Life Insurance Corporation of India (LIC) on the Board of this Company, Mr. J.N. Godbole and Mr. Amitabha Ghosh, Nominee Directors of Industrial Development Bank of India and Unit Trust of India respectively, may be deemed to be concerned or interested in the Resolutions at Items 9 & 10 of the Notice.

25. **Items 11 to 13 :** With a view to augment resources for its projects and ongoing capital expenditure, the Company proposes to raise finance through an issue of Preference Shares upto an aggregate nominal value of Rs.100 crore in one or more tranches, to be privately placed as set out in Resolution at Item 13.

26. The detailed terms and conditions of the issue including the price, rate of dividend, premium, redemption period, etc. will be determined by the Board of Directors of the Company in consultation with the Lead Managers/Advisors/Consultants and/or depending upon the then prevailing market conditions. The proposed issue as aforesaid will, if required, be subject to the approval(s) of the Government of India, Reserve Bank of India and other relevant authorities.

27. In order to enable the Company to issue Preference Shares upto the nominal value of Rs.100 crore, as and when deemed fit, it is proposed to increase the Authorised Capital by the creation of 10,00,00,000 Preference Shares of Rs.10 each and consequently to amend the Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company as set out in Resolution at Items 11 & 12 of the Notice.

28. The Directors may be deemed to be regarded as interested to the extent of any shares subscribed to by them or by the companies in which they are directors or members.

29. A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

30. The Board commends the Resolutions at Items 11 to 13 for acceptance by the Members.

31. **Items 14 & 15 :** At the Annual General Meeting of the Company held on August 25, 1998, the Members had, approved the appointment of Messrs A.F. Ferguson & Co. and Messrs K.S. Aiyar & Co., Chartered Accountants, as Auditors of the Company for the Financial Year 1998 –1999 to hold office from the conclusion of the Sixty Second Annual General Meeting until the conclusion of this Annual General Meeting of the Company on a remuneration of Rs.6.75 lakh to each of them for auditing the accounts of the Company and a further remuneration to anyone of them of Rs.60,000 for each factory and overseas project, Rs.25,000 for each branch office, Rs.3,000 for each cement warehouse in India examined and audited by them. However, subsequent to the Members' approval, the applicability of service tax has been extended by the Finance Act, 1998, to the remuneration payable to the Auditors of the Company. It is proposed to obtain the approval of the Members to pay in addition to the remuneration and out of pocket expenses as detailed above, an amount not exceeding Rs.1.61 lakhs in the aggregate to Messrs A.F. Ferguson & Co. and Messrs K.S. Aiyar & Co., Chartered Accountants representing service tax payable.

32. Section 224 of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Government Companies etc. the appointment or reappointment of an auditor of that company has to be made by a Special Resolution.

33. In the case of the Company, the holdings of the aforesaid bodies collectively exceed 25% of its subscribed share capital. Hence, a Special Resolution is required to be passed to reappoint Messrs. A.F. Ferguson & Co., and Messrs. K.S. Aiyar & Co., as the Company's Auditors on the terms and conditions contained in the Resolution.

34. The Audit Fees were last revised during the financial year 1996-97. In view of the increase in the cost of maintaining staff and establishment, it is recommended that the remuneration payable to each of the Auditors be increased as indicated in the Resolution at Item 15 of the Notice.

35. As required under Section 224 of the Act, certificates have been received from the Auditors, that their appointments, if made, will be in accordance with the limits prescribed therein.

By Order of the Board,
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

T.M.M. NAMBIAR
Managing Director

Mumbai, May 10, 1999
Registered Office :
"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.

Highlights

	1998-99	1997-98
	Rupees Crore	Rupees Crore
Gross Revenue	2742.12	2484.73
Profit before tax	64.34	15.44
Profit after tax	56.84	13.44
Dividend	22.75	22.61
Capital Employed	2419.09	2439.44
Net Worth	982.02	956.59
Borrowings	1401.50	1452.44
Debt : Equity Ratio	1.46	1.55
Book Value per Share at year end	Rs. 716.74	Rs. 698.18
Earnings per share	Rs. 41.60	Rs. 9.81
Dividend per share	Rs. 15	Rs. 15
Employee (Numbers)	12145	13018
Shareholders (Numbers)	127853	135021

DISTRIBUTION OF SHAREHOLDING

NUMBER OF SHAREHOLDERS AND SHARES HELD AS ON MARCH 31

	1999		1998	
	Number of Share-holders	Number of Shares held	Number of Share-holders	Number of Shares held
1 to 10 Shares	73,042	3,65,784	76,147	3,80,260
11 to 25 Shares	27,051	4,61,007	29,196	4,95,097
26 to 50 Shares	12,342	4,60,267	13,074	4,85,962
51 to 100 Shares	7,669	5,52,170	8,294	5,95,932
101 Shares and Over	7,749	1,18,23,575	8,310	1,17,43,990
TOTAL	1,27,853	1,36,62,803	1,35,021	1,37,01,241

	1999		1998	
	Number of Share-holders	Number of Shares held	Number of Share-holders	Number of Shares held
(a) Individuals	1,25,976	67,98,544	1,33,459	52,35,010
(b) Corporate Shareholders				
(i) Foreign Institutional Investors	74	7,32,406	62	11,19,240
(ii) Financial Institutions	7	24,90,965	7	35,64,281
(iii) Others	1,789	28,60,170	1,486	30,04,663
(c) Government and Government Undertakings	7	7,80,718	7	7,78,047
TOTAL	1,27,853	1,36,62,803	1,35,021	1,37,01,241
Percentage of Shares held by Government and Government Undertakings		5.71		5.68

ACC

EQUITY SHARE AND OTHER DATA

	Company's Financial year		1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
1.	Net Sales per Share	Rs.	2001.37	1813.51	1844.55	2829.33	2478.05	2330.87	1995.10	2593.53	2101.74	1771.03
2.	Earnings per Share*	Rs.	41.60##	9.81	62.00#	273.96#	184.29#	72.76	88.80	246.48	216.76	41.34
3.	Earning-Price Ratio	%	2.93	0.68	3.97	7.69	4.56	2.19	3.51	3.20	10.22	10.92
4.	Dividend	%	15	15	30	70	50	30	30	30	30	15
5.	Yield	%	1.06	1.03	1.92	1.96	1.24	0.90	1.19	0.39	1.42	3.96
6.	Debt-Equity Ratio		1.46	1.55	0.94	0.68	1.26	1.70	1.50	1.06	1.14	2.04
7.	Current Ratio		1.77	1.92	1.66	1.60	1.42	1.50	1.78	1.70	1.75	1.62
8.	Book Value per Share	Rs.	716.74	698.18	730.96	1100.50	698.24	522.87	474.56	587.35	419.80	250.63
9.	Market Price of Share											
	(a) High	Rs.	1846	1725	4225	4225	5020	3890	10500	9200	2690	414
	(b) Low	Rs.	797	1010	907	2440	3075	1580	2025	2105	412	230

Note : 3 and 5 is calculated based on average market price as at the end of the year.

* Before consideration of Extraordinary item.

\# On Weighted Average Basis.

\## Net of Shares Forfeited.

The Company's Shares are listed in Mumbai, Madras, Bangalore, Cochin, New Delhi, Calcutta, Ahmedabad Stock Exchanges and National Stock Exchange, Mumbai. The requisite listing fees have been paid.

CONSOLIDATED STATEMENT OF INCOME

Year	Rated Capacity	Pro-duction	Gross Revenue	Employee Cost	Other Expenses	Depre-ciation	Interest on Borrow-ings	Provision for Taxation	INCOME Amount (4-5 to 9)	INCOME Percentage of Gross Revenue	INCOME Per Share	Dividends	Retained Profit (10-13)
(1)	(2) Lakh Tonnes	(3) Lakh Tonnes	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11)	(12) Rs.	(13) Rs. Crore	(14) Rs. Crore
1964-65	44	43	42	8	26	2	1	2	3	6.31	12.94	2	1
1965-66	45	44	51	8	31	3	2	3	4	7.46	15.95	2	2
1966-67	50	45	56	9	34	4	2	3	4	7.93	18.83	3	1
1967-68	51	46	57	11	34	4	3	1	4	6.35	15.38	3	1
1968-69	57	48	65	11	42	5	3	—	4	5.91	13.41	3	1
1969-70	62	52	77	12	49	5	3	—	8	10.43	28.14	3	5
1970-71	67	55	83	13	55	5	3	2	5	6.34	18.47	3	2
1971-72	67	54	83	14	58	4	3	1	3	3.59	10.52	3	—
1972-73	67	53	85	15	62	4	3	—	1	1.18	3.51	2	–1
1973-74	67	53	92	18	66	4	3	—	1	0.66	2.11	—	1
1974-75	68	58	125	22	87	4	3	2	7	5.21	22.89	4	3
1975-76	68	63	139	23	103	4	4	1	4	2.59	12.65	3	1
1976-77	71	64	146	24	104	4	3	5	6	3.93	20.14	4	2
1977-78	71	65	151	26	107	5	2	4	7	4.86	25.81	4	3
1978-79	71	63	161	30	114	5	3	3	6	3.52	19.89	5	1
1979-80	75	53	170	32	126	6	5	—	1	0.44	2.22	3	–2
1980-81	75	59	209	36	156	7	8	—	2	0.94	5.89	3	–1
1981-82	75	62	356	43	260	10	10	1	32	8.88	95.30	5	27
1982-83	80	65	502	58	362	23	16	3	40	8.01	120.97	7	33
1983-84	87	72	608	66	460	31	30	—	21	3.49	63.79	7	14
1984-85	88	74	709	76	554	31	35	—	13	1.89	40.38	7	6
1985-86	88	79	753	76	603	30	35	—	9	1.14	21.60	7	2
1986-87	88	79	760	79	613	33	35	—	—	0.04	0.83	4	– 4
1987-88	85	78	798	88	634	34	35	—	7 *	0.86 *	13.45 *	4	3 *
1988-89@	57	53	554	55	447	24	25	—	3 *	0.45 *	4.54 *	—	3 *
1989-90	76	74	991	86	790	40	48	4	23 *	2.33 *	41.34 *	8	15 *
1990-91	76	74	1176	84	876	40	35	20	121 *	10.31 *	216.76 *	17	104 *
1991-92	76	77	1451	85	1042	43	42	103	136 *	9.37 *	246.48 *	17	119 *
1992-93	80	75	1563	107	1275	44	57	10	70	4.48	88.80	24	46
1993-94	80	77	1684	115	1414	35	63	—	57 *	3.38 *	72.76 *	24	33 *
1994-95	95	85	2122	124	1728	43	82	1	144	6.80	184.29 **	39	105
1995-96	99	89	2423	152	1825	63	98	60	225	9.29	273.96 **	58	155
1996-97	99	90	2527	162	2079	79	118	12	77	3.05	62.00 **	45	32
1997-98	101	89	2485	167	2098	86	119	2	13	0.52	9.81	23	–10
1998-99	114	91	2742	178	2233	104	162	8	57	2.08	41.60 ##	23	34

*Before consideration of Extraordinary items.
@Pertains to 8-month period.
**On Weighted Average Equity.
##Net of Shares Forfeited.

ACC

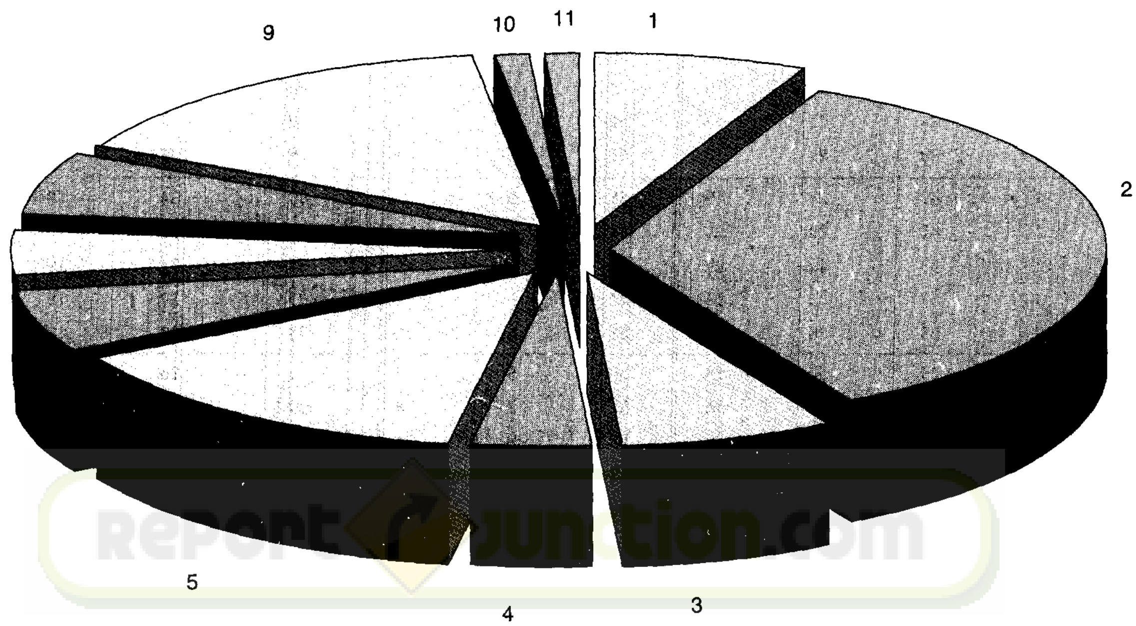
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year	Cash and Securities	WORKING CAPITAL Receivables and Inventories	WORKING CAPITAL Less Current Liabilities	Total (2+3-4)	Net Block	Investments	Other Non-Current Assets	Total Assets Less Current Liabilities (5+6+7+8)	Borrowings	Reserves and Surplus	Share Capital
(1)	(2) Rs. Crore	(3) Rs. Crore	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11) Rs. Crore	(12) Rs. Crore
1964-65	—	23	12	11	32	5	3	51	22	9	20
1965-66	—	26	17	9	38	5	3	55	24	7	24
1966-67	—	34	19	15	43	5	2	65	31	10	24
1967-68	1	34	22	13	52	5	2	72	37	11	24
1968-69	2	38	22	18	55	5	1	79	39	12	28
1969-70	1	42	24	19	55	5	1	80	34	18	28
1970-71	1	47	28	20	54	5	1	80	32	20	28
1971-72	1	53	32	22	53	5	1	81	34	19	28
1972-73	1	57	35	23	53	5	2	83	37	18	28
1973-74	1	55	38	18	53	5	2	78	32	18	28
1974-75	1	63	50	14	50	5	6	75	26	21	28
1975-76	1	55	40	16	52	8	4	80	31	21	28
1976-77	3	52	53	2	53	8	4	67	17	22	28
1977-78	4	60	61	3	59	11	2	75	22	25	28
1978-79	2	68	63	7	68	9	2	86	32	26	28
1979-80	1	88	74	15	90	9	2	116	63	20	33
1980-81	2	93	90	5	137	9	1	152	100	19	33
1981-82	6	112	118	—	207	10	1	218	134	51	33
1982-83	3	139	138	4	265	10	—	279	160	86	33
1983-84	6	184	148	42	304	10	1	357	231	93	33
1984-85	12	199	160	51	318	10	1	380	242	105	33
1985-86	6	207	174	39	343	10	1	393	242	111	40
1986-87	13	211	181	43	337	11	2	393	245	107	41
1987-88	8	255	186	77	336	11	3	427	266	105	56
1988-89	12	300	202	110	336	3	5	454	317	81	56
1989-90	30	305	207	128	305	3	5	441	296	89	56
1990-91	30	345	214	161	289	56	3	509	271	182	56
1991-92	42	555	352	245	321	115	2	683	352	275	56
1992-93	60	686	419	327	481	122	1	931	559	294	78
1993-94	81	609	459	231	745	133	—	1109	699	332	78
1994-95	74	624	493	205	961	184	—	1350	752	515	83*
1995-96	51	906	597	360	1089	133	—	1582	639	858	85
1996-97	51	779	500	330	1435	181	1	1947	944	867	137**
1997-98	66	820	462	424	1827	189	36	2476	1483	856	137
1998-99	51	816	489	378	1895	147	43	2463	1437	889	137

* Includes Share Allotment Money Rs. 2.95 crore.

** After issue of Bonus Shares in the ratio of 3:5

How each rupee earned has been spent during 1998-99



1	Trading Purchase Rs.184.09 crore (7%)	2	Manufacturing and other expenses Rs. 972.56 crore (35%)
3	Employee cost Rs. 178.39 crore (7%)	4	Repairs and maintenance Rs. 109.09 crore (4%)
5	Freight and transportation Rs. 395.98 crore (14%)	6	Selling and other expenses Rs. 172.45 crore (6%)
7	Depreciation Rs. 103.76 crore (4%)	8	Interest on borrowed funds Rs. 162.45 crore (6%)
9	Taxes and Duties Rs. 406.51 crore (15%)	10	Dividend Rs. 22.75 crore (1%)
		11	Retained Profit Rs. 34.09 crore (1%)

DIRECTORS' REPORT

TO THE MEMBERS OF THE ASSOCIATED CEMENT COMPANIES, LIMITED

The Directors hereby present their Sixty-Third Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1999.

2. FINANCIAL RESULTS

	This year		Previous year	
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Sale of products and other income		2,742.12		2,484.73
Profit before depreciation, interest and tax		330.55		220.09
Depreciation	103.76		85.51	
Interest	162.45		119.14	
		266.21		204.65
Profit before tax		64.34		15.44
Tax		7.50		2.00
Profit after tax		56.84		13.44
Debenture Redemption Reserve		30.00		5.00
Profit before Reserves		26.84		8.44
Balance brought forward from previous year		40.77		56.32
Dividend on Forfeited Shares		0.21		–
Amount available for appropriations		67.82		64.76
Appropriations :				
General Reserve	3.00		1.00	
Amortisation Reserve	0.37		0.38	
Proposed dividend	20.49		20.55	
Tax on distributed profits	2.26		2.06	
		26.12		23.99
Balance carried forward to the next year's account		41.70		40.77

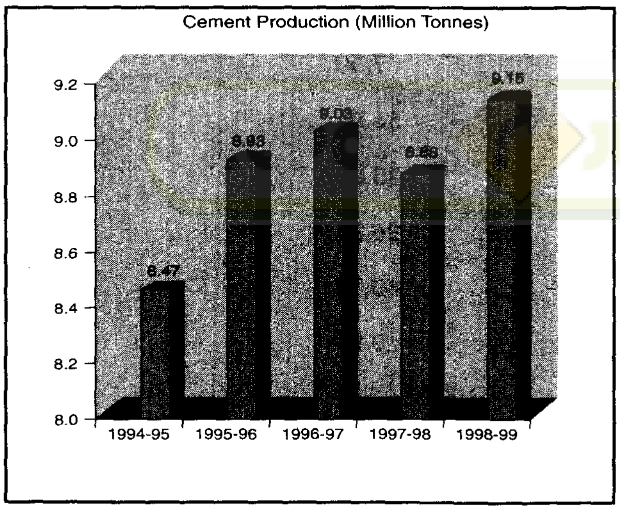
3. DIVIDEND

3.1 Your Directors recommend a dividend of Rs. 15 per share of Rs. 100 each (viz. Rs. 1.50 per share of Rs. 10/- each after the completion of sub-division) for the year ended March 31, 1999 aggregating to Rs. 22.75 crore (including tax on dividend) as compared to Rs.15 per share aggregating to Rs. 22.61 crore in the previous year.

4. OPERATIONS

4.1 Cement

4.1.1 Clinker production for the year was 7.27 million tonnes as against 7.47 million tonnes for the previous year. Production of cement for the year was 9.15 million tonnes as compared to 8.88 million tonnes during the previous year. Capacity



utilisation during the year was 81% as compared to 89% during the previous year as production had to be restricted at certain plants due to unremunerative selling prices.

4.1.2 Sale of Cement during the year excluding traded materials was 9.23 million tonnes as compared to 8.87 million tonnes during the previous year. Sale of traded cement was 0.75 million tonnes as compared to 0.55 million tonnes in the previous year. Export of Cement was 0.16 million tonnes as compared to 0.19 million tonnes in the previous year. During the year the overall sales volume including traded cement went up to 9.98 million tonnes from 9.42 million tonnes in the previous year registering an increase of 6% despite depressed market conditions during most of the year.

4.2 Refractories

4.2.1 The total sale of refractory products including captive requirements aggregated to 1.12 lakh tonnes during the year as compared to 1.19 lakh tonnes in the previous year. The marginally lower sales volume is attributed to continuing slow down in the key customer segments viz. Steel and Cement as well as competition from the unorganised sector. The Company's new refractory facility at Nagpur achieved 50% growth in its volume of despatches as compared to the previous year. The new generation monolithics, mainly comprising of gunning material and plastics, under technology licence agreement with world renowned refractory manufacturer, Harbison-Walker, have been introduced in the market and have been very well accepted. Refractory Division continued to maintain its leadership position in the Industry.

4.3 Ready Mix Concrete

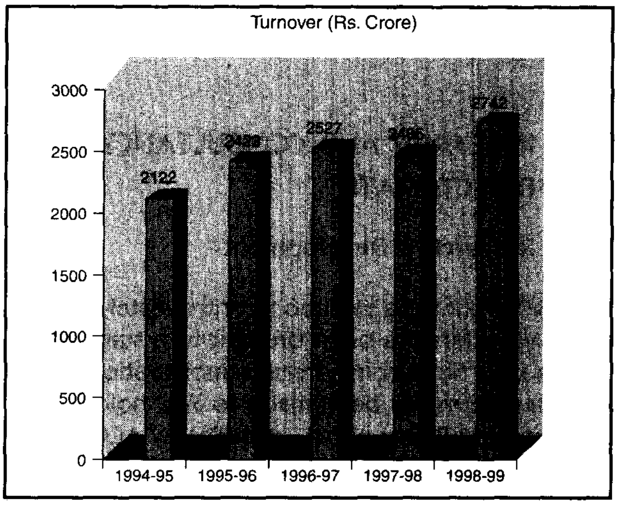
4.3.1 During the year Ready Mix Concrete business achieved improved turnover of Rs. 60.56 crore from Rs. 45.74 crore during the previous year. The sales volume also increased to 2.53 lakh cubic metres as compared to 1.87 lakh cubic metres in the previous year . It is proposed to further expand the Ready Mix Business from the current level to 1 million cubic metres with additional investment of Rs.30 crore being planned by March 2000 by which time the Company will also be having 16 RMC Plants all over India as compared to 8 plants at present.

5. TURNOVER AND PROFITS

5.1 Turnover and Profits

The overall income for the year 1998-99 was Rs.2742.12 crore as compared to Rs.2484.73 crore

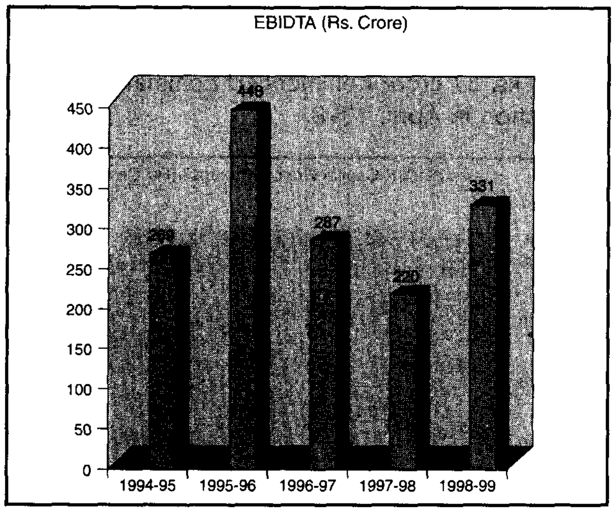
in the previous year. The profit before depreciation, interest and tax was higher at Rs.330.55 crore as against Rs.220.09 crore in the previous year. Profit after tax was Rs.56.84 crore as



against Rs.13.44 crore in the previous year. In view of improved sales realisation of cement during the year coupled with our continuing efforts on controlling costs, operating margin (before interest, depreciation and non-recurring items) has gone up by 36% over the previous year. For three years in succession, the Company was able to hold the variable costs without any increase despite the inflationary impact effecting the input prices. Depreciation and interest charges were however, higher on account of commissioning during the year of several major projects.

5.2 The other income during the year includes non-recurring items to the extent of Rs. 31.94 crore on account of profit on transfer of power generation facilities at Wadi to Tata Electric Companies, Rs. 9.89 crore on account of central sales tax provision made in the previous year written back as this provision is no longer required, Rs.10.87 crore on account of sale of investments and Rs. 30.40 crore on account of write back of provisions relating to sales tax incentives pertaining to investment in the second Captive Power Plant at Wadi.

5.3 In order to meet the adverse impact, if any, in respect of various outstanding issues, litigation and value of investments, a provision of Rs.20 crore towards contingencies, has been made by way of prudence.



6. OVERSEAS OPERATIONS

6.1 The Company has been operating and managing, for the past 19 years Cement Plants owned by Yanbu Cement Company, Saudi Arabia. The company has exceeded the guaranteed production as stipulated in the contract for the last nine consecutive years and the Company has earned the highest bonus of Rs. 1.71 crore during the year. During the year, the existing contract and the contract for operation and maintenance of the new 2 million tonne per year Plant at Yanbu, were finalised for the next three years upto 2002.

7. NEW PROJECTS/MODERNISATION

7.1 The following major projects were successfully completed during the year and are fully operational:

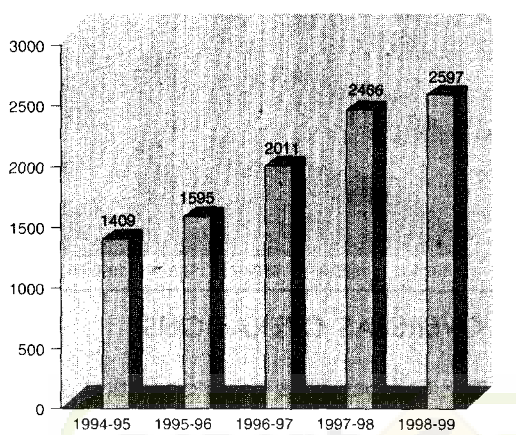
7.2 The new 1.2 MTPA clinkering unit at Kymore costing Rs. 246 crore which came into commercial production in May 1998.

7.3 The new cement grinding facility with a capacity of 0.6 MTPA built at a cost of Rs. 70 crore was commissioned at Tikaria in Uttar Pradesh during the year and its commercial production

started from February,1999. This is the first manufacturing unit of our company in Uttar Pradesh.

7.4 The modernisation and grinding capacity augmentation project at Sindri of 0.6 MTPA at a cost of Rs. 57 crore commenced commercial production in April, 1998.

Gross Block & Capital Work in Progress (Rs. Crore)



7.5 Modernisation of cement grinding facility at Madukkarai by replacing 5 cement mills by a single close circuit mill was completed at a cost of Rs. 33 crore. The enhanced grinding capacity of 0.84 MTPA came into operation from March, 1999.

7.6 Two Captive Power Plants with capacity of 25 MW each being put up at Jamul and Kymore were commissioned for trial production during the year. It is expected that the commercial production of these facilities will commence in 1999-2000.

8. TRANSFER OF POWER GENERATING FACILITIES

8.1 At the Annual General Meeting held on August 25, 1998, shareholders had approved the transfer of thermal power generating facilities located at Jamul, Kymore and Wadi as separate undertakings to Tata Electric Companies. Accordingly, the Company's power generating facility at Wadi was transferred, subject to requisite approvals, during the year to Tata Electric Companies. With respect to the other power generating facilities at Jamul and Kymore, the Company expects to complete the transfer of these power facilities on receipt of the requisite approvals which are awaited.

9. RESEARCH AND CONSULTANCY DIRECTORATE

9.1 Research & Development

The R&D work for a pollution control catalyst for 2 and 3 wheelers has been brought to a stage of setting up a Semi-commercial Demonstration Plant. A presentation has been made to Technology Development Board (Govt. of India) by ACC jointly with its development partner, Indian Oil Corporation Ltd. The Board has recognized this development as highly appropriate and innovative for the country and proposals have been made to the Board for financial assistance.

Another achievement in the field of environmental catalysis is the development of DeNOx catalyst system particularly for coal fired thermal power stations – a development that has been supported by TIFAC (Govt. of India) under its 'Home Grown Technology' scheme. A pilot plant has been set up and run successfully at NTPC, Badarpur, New Delhi to demonstrate the effectiveness of this development.

In the field of Ceramics, the continuing collaboration effort between RCD and the Pennsylvania State University in the U.S. has led to the design and development of a continuous microwave high temperature furnace, heralding ACC's entry into a new technology of the future. In the fields of Cement, Concrete and Refractories, a large number of new products of high commercial potential have been developed and trial marketed.

In the field of Engineering and Consultancy, despite recessionary conditions prevailing in the country, the level of business was maintained as in the

previous year but with improved profitability. The activities spread over Mineral Processing, Geological Exploration, Concrete Consultancy, Architectural Conservation, Training & Development. The overall success of business development in the field of air pollution has been recognised by M/s Hamon & Cie Ltd., France who are the present owner of Research Cottrell International, the licensor of our air pollution control technologies. An MoU has been signed between ACC and Hamon for restructuring this business into a joint venture company on mutually agreed terms. RCD has also taken a new initiative of undertaking ground geophysical survey assignments for mineral exploration. The Division has also undertaken a variety of services in foreign countries.

10. SYNTHETIC FERRIC OXIDE PLANT

10.1 Despite certain technological problems encountered on the technology supplied for this plant, a significant operational improvement was brought about with in-house efforts to achieve the high quality targets for the product. However, recent price pressures in the electronic component industry coupled with the economic crisis in South East Asia have led to a sharp drop in high grade ferric oxide prices. Further there has also been a shift by component manufacturers towards greater use of lower grades of iron oxide available at relatively lower prices. In view of the current un-remunerative market situation, the operations of the unit have been temporarily suspended, while efforts are being made for cost reduction on one hand and re-structuring of the business on the other.

11. ADVANCED MATERIALS BUSINESS

11.1 In an effort to enter into the business of Advanced Materials, a complex has been set up in the Salt Lake electronic city in Calcutta. The Advanced Microwave Materials Centre for the manufacture of microwave ferrite and di-electric materials will be commissioned for commercial production during the current year. This is the first and the only facility in India for products required in the assembly of wireless and satellite communication systems. Steps have been taken for tie up with the International Companies for its involvement in the world wide marketing of the products ultimately leading to the formation of a joint venture company in due course. In the same complex, another R&D facility has been created for the development of application of diamond like nano composite coating materials to modify the surface properties of different substrates like metals, glass, plastics, etc. This facility has already received the recognition of the Department of Scientific and Industrial Research, Govt. of India.

12. YEAR 2000

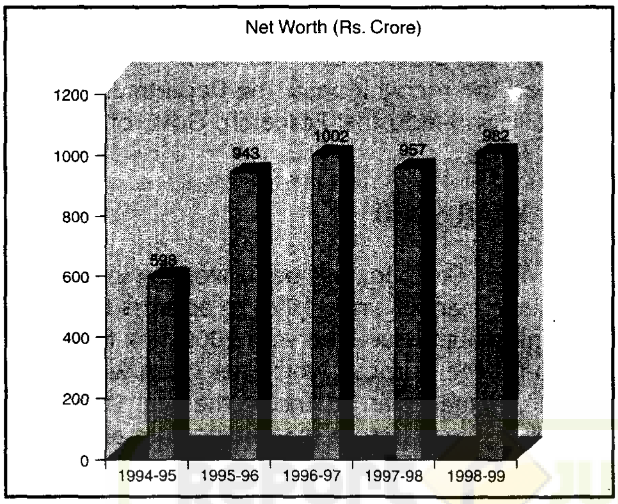
12.1 Your Company has been working in a systematic manner since 1997 to address the year 2000 millenium issue. The year 2000 task force was set up for the purpose which has been working to a well designed plan to ensure the year 2000 compliance well before the critical date arrives.

A detailed inventory has been prepared of all the computer hardware, software as well as non-IT equipment for Y2K compliance. The Company has also engaged the services of an international firm of consultants for performing a health check on Year 2000 exercise carried out so far and their report has confirmed that our efforts have been in the right direction. We expect total compliance by August 1999. Estimated cost of compliance of Year 2000 problem is of the order of Rs.7 crore. Contingency plans are being finalised to deal with any emergency situation with respect to plant operation, despatches, selling, accounting and other matters.

13. SHARE CAPITAL

13.1 The Share Capital of the Company was Rs. 136.84 crore as at 31.3.1999 as compared to Rs.136.83 crore as at the end of the previous year. This is after forfeiture of 38,438 shares in respect of shareholders who have not paid up the call money for the offer of Rights Issue 1995.

13.2 In accordance with the guidelines issued by SEBI and Bombay Stock Exchange trading in Company's shares were compulsorily required to be carried out in dematerialised form from February 15, 1999. As of date, 46% of the Company's equity has been demateralised under the Depository System.



13.3 The authorised capital of the Company has been increased to Rs.225 crore from the previous year's level of Rs.150 crore in terms of the resolution approved by the shareholders at the Extra-ordinary General Meeting held on January 7, 1999.

13.4 Each equity share of Rs.100 each is being subdivided into 10 equity shares of Rs.10 each in accordance with the resolution passed by Shareholders at the Extra-Ordinary General Meeting held on January 7, 1999. The subdivision of the shares will be completed by June 1999.

13.5 With a view to augment resources for its projects and ongoing capital expenditure, the Company proposes to raise finance through an issue of Preference Shares upto the nominal value of Rs.100 crore. Accordingly, it is proposed to increase the Authorised Capital by the creation of 10,00,00,000 Preference Shares of Rs.10 each.

14. RIGHTS ISSUE

14.1 The shareholders at the Extra-ordinary General Meeting held on January 7, 1999 approved the Rights Issue of Equity Shares of Rs. 10 each at a premium of Rs. 45 per Equity Share in the ratio of One equity share for every Four equity shares held by the existing shareholders to raise funds amounting to Rs. 187.86 crore. The amount being raised will be utilised to part fund capital expenditure amounting to Rs. 750 crore on modernisation/expansion of existing plants and creation of new capacity at Wadi or through acquisitions so as to achieve the overall objective of increasing capacity by around 3 million tonnes per annum over the next 2 years.

15. PREFERENCE SHARE ISSUE

15.1 As mentioned earlier, the Board at its meeting held on April 28, 1999 has approved an issue of Preference Shares upto Rs.100 crore at such terms as may be considered necessary. Members' attention is drawn to Item Nos. 11 to 13 of the Notice of the General Meeting.

16. FINANCE

16.1 During the year, the Company had successfully completed the private placement of two series of Non-convertible Debentures aggregating to Rs.150 crore to fund working capital requirements. The Company has also enhanced its ongoing Commercial Paper Programme to Rs. 300 crore from the level of Rs.100 crore during the previous year. The Commercial Paper Programme has continued to receive the prime rating by ICRA.

17. PERSONNEL

17.1 During the year under review, industrial relations at all units of the Company continued to be cordial and peaceful.

18. SUBSIDIARY COMPANIES

18.1 During the year, ACC Machinery Co.Ltd. which is a 100% subsidiary of our Company had

shown a decline in its total income as compared to the previous year because of the recessionary trends in the engineering industry. With the stabilisation of its new facilities at Butibori in Nagpur and with a view to further improving its operations, it has restructured its activities by closing down the units located at Madukkarai and Kalwe.

18.2 ACC Nihon Castings Limited(ANCL) which has become a 100% subsidiary of the Company during the year, had achieved 82% capacity utilisation during the year. Though there has been improvement in both price and contribution margins, the Company's operating results have been adversely affected due to prevailing depressed business conditions. The Company continues to be potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. The Company subscribed during the year to Preference Share Capital issue of ANCL amounting to Rs 6 crore. It is expected that with the improvement in economic conditions and the initiatives taken by the Management to improve the operations, the Company will be able to show better performance in the current year.

18.3 Bulk Cement Corporation(India) Limited has set up a modern 0.5 MTPA Plant at Kalamboli for handling, storage and distribution of cement in bulk to be supplied from Wadi. The Plant, after its stabilisation, has started commercial operations from February 1999.

18.4 The Damodhar Cement & Slag Limited(DCSL) had a satisfactory year with turnover increasing to Rs. 74 crore as compared to Rs. 53 crore during the previous year. DCSL's project to increase its grinding capacity from 2.70 Lakh Tonnes to 5.25 Lakh Tonnes by installing two ball mills and one packer was commissioned in November 1998. DCSL, which was a sick Company has shown a remarkable turn around in profitability and operations within a short span of being taken over by our Company.

18.5 The Statement pursuant to Section 212 of the Companies Act, 1956 relating to the Company's subsidiaries, ACC Machinery Co.Ltd., The Cement Marketing Company of India Ltd., ACC Nihon Castings Ltd., Bulk Cement Corporation of India Ltd. and Damodhar Cement & Slag Ltd. is annexed to this Report.

19. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

19.1 As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in Annexure 'A' to the Directors' Report.

20. PARTICULARS OF EMPLOYEES

20.1 Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure 'B' to the Directors' Report.

21. COST AUDIT

21.1 As per the Government's directive, the Company's Cost Records in respect of Cement for the year ended March 31, 1999 are being audited by Cost Auditors, M/s. N. I. Mehta & Co., who were appointed by the Board with the approval of the Central Government.

22. MANAGEMENT

22.1 In accordance with Schedule XIII to the Companies Act, 1956 dealing with the remuneration payable to managing and wholetime directors in the event of absence or inadequacy of net profits in any financial year, the managerial remuneration would have to be limited to the

amounts specified therein. During the financial year ended March 31, 1998, on account of inadequacy of profits as computed under the Companies Act, 1956, the remuneration paid to Dr. S. Ganguly, former Executive Vice Chairman, Mr. T.M.M. Nambiar, Managing Director and Mr. M.M. Rajoria, former Wholetime Director, was in excess of the limits prescribed under the said Schedule XIII. The Shareholders had at the last Annual General Meeting approved the payment and retention of the said excess remuneration by the aforementioned Directors. An application was thereafter made to the Department of Company Affairs in this regard who have been pleased to grant its approval to the retention by the aforesaid Directors of the salary, perquisites and allowances paid to them as per their respective Agreements.

22.2 For the reasons stated in Para 7 and 8 of the Explanatory Statement attached to the Notice, the computation of managerial remuneration as per the provisions of Sub-section (5) of Section 309 of the Companies Act, 1956, indicates an absence of profit for the financial year ended March 31, 1999. Hence, the amounts set out in the Resolution at Item 7 of the Notice (which includes exempted amounts) which were paid to Mr. T.M.M. Nambiar, Managing Director, Dr. A.K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholetime Directors are in excess of the statutory limits laid down under Schedule XIII of the Act. The Board is of the opinion that these Directors should be allowed to retain the excess remuneration which was paid to them as per their respective Agreements which were approved by the Shareholders. The Central Government's approval and Shareholder's sanction is being sought to retain the excess remuneration paid to the aforesaid Directors for the year ended March 31, 1999 as set out in the Resolution No. 7 of the Notice.

23. DIRECTORS

23.1 In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. N.A. Palkhivala, Mr. O.P. Dubey, Dr. A.K. Chatterjee and Mr. M.L. Narula retire by rotation and are eligible for reappointment.

24. AUDITORS

24.1 The Shareholders are requested to appoint Auditors for the current year and fix their remuneration as detailed in the requisite Resolution and the relative explanatory statement. M/s. A. F. Ferguson & Co., Mumbai and M/s. K. S. Aiyar & Co., Mumbai, the existing Auditors have, under Section 224(1B) of the Companies Act, 1956 furnished certificates of their eligibility for the appointments.

25. ACKNOWLEDGEMENT

25.1 Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, the State Governments, and the Consortium of Financial Institutions and Commercial Banks. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

PALLONJI S. MISTRY
CHAIRMAN
Mumbai, April 28, 1999.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of THE ASSOCIATED CEMENT COMPANIES, LIMITED as at March 31, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :—

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;

   (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

      1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1999; and

      2. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants

MANI A. AIYAR
Partner

For A. F. FERGUSON & CO.
Chartered Accountants

R. SUBRAMANIAM
Partner

Mumbai, April 28, 1999.

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 1 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

2. None of the fixed assets has been revalued during the year.

3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. In our opinion, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest or the terms and conditions are *prima facie* prejudicial to the interests of the Company. We are informed that there are no companies under the same management as this Company within the meaning of Section 370(1-B) of the Companies Act, 1956.

8. In respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and terms and conditions are not *prima facie* prejudicial to the interests of the Company. We are informed that there are no companies under the same management as this Company within the meaning of Section 370 (1-B) of the Companies Act, 1956.

9. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, parties are repaying the principal amounts and have been regular in the payment of interest, as stipulated or according to the amendments thereto.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.

11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act,1956 and aggregating during the year Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate

provision has been made in the accounts for the loss arising on the items so determined.

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any realisable by-products.

15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities except at certain locations where we are informed that the Company has applied for exemption from the operations of the Employees' State Insurance Act.

18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding as at March 31, 1999 for a period of more than six months from the date on which they became payable.

19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of the service activities, in our opinion and according to the information and explanations given to us— (i) the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its service activities and the system provides for a reasonable allocation of the materials and labour consumed to the relative jobs; and (ii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs and there is a system of internal control commensurate with the size of the Company and the nature of its service activities.

22. As explained to us, in respect of trading activity, the Company has a regular procedure for determination of damaged goods. Adequate provision has been made in the accounts for the loss arising on the goods so determined, which is not significant.

For K. S. AIYAR & CO.
Chartered Accountants
MANI A. AIYAR
Partner
Mumbai, April 28, 1999.

For A. F. FERGUSON & CO.
Chartered Accountants
R. SUBRAMANIAM
Partner

BALANCE SHEET AS AT MARCH 31, 1999

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
I. SOURCES OF FUNDS:					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	A	17		136.84	136.83
(b) Reserves and Surplus	B	18		889.22	856.05
				1,026.06	992.88
2. LOAN FUNDS					
(a) Secured Loans	C	19 & 20	953.12		1,116.82
(b) Unsecured Loans	D	20	448.38		335.62
				1,401.50	1,452.44
3. STOCKISTS' DEPOSITS (UNSECURED)				35.57	30.41
4. TOTAL FUNDS				2,463.13	2,475.73
II. APPLICATION OF FUNDS:					
1. FIXED ASSETS	E	21			
(a) Gross Block			2,193.65		1,845.29
(b) Less — Depreciation			702.60		638.63
(c) Net Block			1,491.05		1,206.66
(d) Capital Work in Progress, etc.			403.81		620.28
				1,894.86	1,826.94
2. INVESTMENTS	F	22 & 23		146.72	189.46
3. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Inventories	G	24	236.90		278.83
(b) Sundry Debtors	H	25	274.84		260.79
(c) Cash and Bank Balances	I	26	51.15		65.58
(d) Other Current Assets	J	26	5.22		2.89
(e) Loans and Advances	K	27	298.67		277.41
			866.78		885.50
4. LESS — CURRENT LIABILITIES AND PROVISIONS					
(a) Sundry Liabilities	L	28	435.82		431.34
(b) Provisions	M	28	53.06		30.73
			488.88		462.07
5. NET CURRENT ASSETS				377.90	423.43
6. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	N	28		43.65	35.90
7. TOTAL ASSETS (NET)				2,463.13	2,475.73
8. NOTES ON ACCOUNTS	O	29 to 35			

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

R. SUBRAMANIAM
Partner

For K. S. AIYAR & CO.
Chartered Accountants

MANI A. AIYAR
Partner

Mumbai, April 28, 1999.

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

S. GANGULY
Vice-Chairman

P. K. SINOR
Whole-time Director &
Company Secretary

T.M.M. NAMBIAR
Managing Director

N. H. ITALIA
President Finance

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

Mumbai, April 28, 1999.

ACC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 1999

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
INCOME:					
1. SALE OF PRODUCTS AND OTHER INCOME	1	14		2,742.12	*2,484.73*
EXPENDITURE:					
2. MANUFACTURING AND OTHER EXPENSES	2	15 & 16	2,411.57		*2,264.64*
3. DEPRECIATION			103.76		*85.51*
4. INTEREST	3	16	162.45		*119.14*
				2,677.78	*2,469.29*
PROFIT BEFORE TAXATION				64.34	*15.44*
5. PROVISION FOR TAXATION				(7.50)	*(2.00)*
PROFIT AFTER TAXATION				56.84	*13.44*
6. TRANSFERRED TO DEBENTURE REDEMPTION RESERVE				(30.00)	*(5.00)*
				26.84	*8.44*
7. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR				40.77	*56.32*
8. DIVIDEND ON FORFEITED SHARES				0.21	*—*
AMOUNT AVAILABLE FOR APPROPRIATION				67.82	*64.76*
APPROPRIATIONS:					
9. GENERAL RESERVE			3.00		*1.00*
10. AMORTISATION RESERVE			0.37		*0.38*
11. PROPOSED DIVIDEND			20.49		*20.55*
12. TAX ON DISTRIBUTED PROFITS			2.26		*2.06*
				26.12	*23.99*
BALANCE CARRIED TO BALANCE SHEET				41.70	*40.77*
13. NOTES ON ACCOUNTS	O	29 to 35			

Per our report attached to the Balance Sheet

For A. F. FERGUSON & CO.
Chartered Accountants
R. SUBRAMANIAM
Partner

For K. S. AIYAR & CO.
Chartered Accountants
MANI A. AIYAR
Partner

Mumbai, April 28, 1999.

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

S. GANGULY
Vice-Chairman

P. K. SINOR
Whole-time Director & Company Secretary

T.M.M. NAMBIAR
Managing Director

N. H. ITALIA
President Finance

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

Mumbai, April 28, 1999.

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE — 1, SALE OF PRODUCTS AND OTHER INCOME
Item 1, page 13.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. SALE OF PRODUCTS AND SERVICES (See Note 24(A), Page 33)		2,606.61	*2400.38*
2. DIVIDEND AND INTEREST (GROSS)			
(a) Dividend from a Subsidiary Company (inclusive of tax deducted at source Rs. Nil — *Previous Year Rs. Nil*)	—		*0.30*
(b) Income from Long Term Investments (inclusive of tax deducted at source Rs. 1.57 Crore — *Previous Year Rs. 1.57 Crore*)			
(i) Trade	1.75		*2.45*
(ii) Others (includes Rs. 7.81 Crore on Current Investments — *Previous Year Rs. 7.77 Crore*)	8.70		*8.66*
	10.45		*11.41*
(c) Bank and Other Interest (inclusive of tax deducted at source Rs. 0.71 Crore — *Previous Year Rs. 1.00 Crore*)	6.02		*7.18*
		16.47	*18.59*
3. OTHER INCOME			
(a) Sale of Stores, Materials, etc.	8.46		*9.20*
(b) Excess provisions made in previous years (See note 3, 4 and 5 Page 30 and 31)	44.20		*23.02*
(c) Profit on sale of Investments (includes Rs. 6.04 Crore on sale of Long Term Investments — *Previous Year Rs. Nil*)	10.87		—
(d) Lease rental income	8.58		*8.44*
(e) Profit on sale of fixed assets	0.28		*15.75*
(f) Profit on transfer of power generation facility at Wadi	31.94		—
(g) Miscellaneous Income (includes Entry Tax Incentive pertaining to prior years — Rs. 3.58 Crore — *Previous Year Rs. Nil*)	14.71		*9.35*
		119.04	*65.76*
TOTAL . .		2,742.12	*2,484.73*

ACC

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES Item 2, page 13.	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. PURCHASE OF CEMENT AND OTHER PRODUCTS		184.09	*142.59*
2. RAW MATERIALS, BOUGHT-OUTS, COAL AND OIL FOR KILNS (See Note 20, Page 33)		510.35	*526.76*
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages, Dearness Allowance and Bonus	136.48		*131.46*
(b) Contributions to Provident and Other Funds	24.86		*20.79*
(c) Workmen and Staff Welfare Expenses	17.05		*14.79*
		178.39	*167.04*
4. PACKING MATERIALS		77.83	*84.07*
5. OPERATION AND OTHER EXPENSES			
(a) Stores Consumed (See Note 21, Page 33)	17.93		*21.97*
(b) Purchased Power and Fuel for Power Generation	299.66		*276.99*
(c) Repairs to Building	2.71		*2.48*
(d) Repairs to Machinery	78.60		*75.83*
(e) Repairs to Other Items	19.77		*19.86*
(f) Rent (after recoveries of Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore*)	5.01		*4.69*
(g) Rates and Taxes (includes wealth tax Rs. 0.77 Crore — *Previous Year Rs. 0.72 Crore*)	22.16		*25.02*
(h) Royalties	33.23		*36.51*
(i) Insurance	8.01		*7.57*
(j) Loading, Transportation and Other Charges	60.54		*60.25*
(k) Discount, Rebates and Allowances	70.32		*52.67*
(l) Commission on Sales	4.24		*2.37*
(m) Provision for Contingencies (See Note 15, Page 32)	20.00		—
(n) Other Expenses	82.83		*73.36*
(o) Advertisement Charges	14.47		*6.19*
	739.48		*665.76*
(p) Prorata premium on redemption of debenture	0.31		*0.34*
Equity share issue expenses	0.40		*0.07*
Debenture issue expenses	0.57		*1.06*
	1.28		*1.47*
Less: Amount adjusted against share premium account	1.28		*1.47*
		739.48	*665.76*
6. OUTWARD FREIGHT CHARGES ON CEMENT ETC.		335.44	*342.11*
7. EXCISE DUTIES (includes Rs. Nil relating to earlier year — *Previous year Rs. 8.26 Crore*)		343.62	*344.60*
8. PAYMENT TO AUDITORS			
(a) Audit Fees	0.29		*0.29*
(b) Fees for Taxation Matters (includes Tax Audit Rs. 0.05 Crore — *Previous Year Rs. 0.05 Crore*)	0.10		*0.08*
(c) Fees for other services	0.10		*0.02*
(d) Reimbursement of Expenses (includes fees Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore* and expenses Rs. — Crore for Cost Audit — *Previous Year Rs.— Crore*)	0.10		*0.05*
		0.59	*0.44*
Total Carried Over . .		2,369.79	*2,273.37*

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES — (*Contd.*)	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .		2,369.79	*2,273.37*
9. MISCELLANEOUS EXPENDITURE WRITTEN OFF			
(a) Compensation under voluntary retirement scheme	9.58		*5.17*
(b) Cost of assets not owned by the company	0.45		*0.09*
		10.03	*5.26*
10. NET VALUE OF DISCARDED CAPITAL ASSETS AND COST OF DISMANTLING		2.12	*0.76*
11. REDUCTION/(ACCRETION) TO FINISHED STOCKS AND WORK IN PROGRESS ADDED/(DEDUCTED)			
(a) Closing Stocks —			
(i) Stock in Trade	44.99		*64.49*
(ii) Work in Progress	36.82		*46.95*
	81.81		*111.44*
(b) Opening Stocks —			
(i) Stock in Trade	64.49		*63.20*
(ii) Work in Progress	46.95		*33.49*
	111.44		*96.69*
		29.63	*(14.75)*
TOTAL . .		2,411.57	*2,264.64*

SCHEDULE — 3, INTEREST
Item 4, page 13.

	Rs. Crore	*Previous Year Rs. Crore*
1. Cash Credit Accounts	41.81	*33.63*
2. Fixed and Call deposits	16.58	*16.12*
3. Term Loans*	60.93	*43.64*
4. Debentures*	32.95	*18.61*
5. Others*	10.18	*7.14*
* (Net of Interest Capitalised Rs. 39.09 Crore — *Previous Year Rs. 51.52 Crore*)		
TOTAL . .	162.45	*119.14*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — A, SHARE CAPITAL
Item I-1(a), page 12.

		Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1.	AUTHORISED —			
2,25,00,000	Equity Shares of Rs. 100 each (*Previous Year 1,50,00,000 Shares*)		225.00	*150.00*
2.	ISSUED —			
1,37,57,045	Equity Shares of Rs. 100 each		137.57	*137.57*
3.	SUBSCRIBED —			
38,60,341	Equity Shares of Rs. 100 each, fully paid (*Previous Year — 38,84,748 Shares*)	38.60		*38.84*
	Less : Calls in arrears	—		*0.18*
		38.60		*38.66*
	Add : 38,438 Equity Shares Forfeited — Amount Paid	0.21		*—*
			38.81	*38.66*
6,07,264	Equity Shares of Rs. 100 each, fully paid for consideration other than cash pursuant to contracts		6.07	*6.07*
91,95,198	Equity Shares of Rs. 100 each, fully paid by way of Bonus Shares — (*Previous Year — 92,09,229 Shares*) — By utilisation of —			
	Share Premium Account		54.27	*54.41*
	Capital Reserve		0.50	*0.50*
	Plant Reinstatement Reserve		1.69	*1.69*
	Development and Rehabilitation Reserve		0.27	*0.27*
	General Reserve		35.23	*35.23*
	TOTAL . .		136.84	*136.83*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — B, RESERVES AND SURPLUS
Item I-1(b), page 12.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. CAPITAL RESERVE		0.15	*0.15*
2. SHARE PREMIUM	218.17		*219.54*
Add — Received during the year	0.07		*0.10*
Adjustment on account of Forfeiture	0.08		*—*
	218.32		*219.64*
Less — Amount utilised towards:—			
(a) Adjustment for pro rata premium on redemption of debentures and issue expenses of shares and debentures	1.28		*1.47*
	1.28		*1.47*
(Net of Calls in arrears Rs. Nil — *Previous Year Rs. 6.99 Crore*)		217.04	*218.17*
3. GENERAL RESERVE	482.21		*481.21*
Add — Amount transferred from Profit and Loss Account	3.00		*1.00*
		485.21	*482.21*
4. INVESTMENT ALLOWANCE RESERVE		60.60	*60.60*
5. DEBENTURE REDEMPTION RESERVE	50.63		*45.63*
Add — Amount transferred from Profit and Loss Account	30.00		*5.00*
		80.63	*50.63*
6. AMORTISATION RESERVE	3.52		*3.14*
Add — Amount transferred from Profit and Loss Account	0.37		*0.38*
		3.89	*3.52*
7. PROFIT AND LOSS ACCOUNT		41.70	*40.77*
TOTAL . .		889.22	*856.05*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — C, SECURED LOANS
Item I-2(a), page 12.

	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. 14% FIRST MORTGAGE DEBENTURES — Secured by First Mortgage on certain movable and immovable properties under Debenture Trust Deed dated February 21, 1955 and as enlarged and modified by Supplemental Debenture Trust Deed dated December 1, 1958, Second Supplemental Debenture Trust Deed dated March 4, 1965, Agreement dated December 30, 1970 extending the date of redemption to January 1, 1976, Agreement dated February 11, 1976 extending the date of redemption to January 1, 1981 and Agreement dated April 7, 1981 further extending the date of redemption to January 1, 1991, and Agreement dated July 8, 1987 increasing rate of interest from 7% per annum to 15% per annum and making it redeemable at a premium of 5%, Indenture dated 12-9-91 extending the date of redemption to 1.1.1998 and also decreasing rate of interest from 15% per annum to 14% per annum and making it redeemable at a premium of 5%, 'A' and 'C' Series	5.25		5.25
Less — Redeemed/Bought back but not re-issued	5.25		5.25
		—	—
2. 14% SECURED NON-CONVERTIBLE DEBENTURES — Secured by way of Mortgage on certain immovable properties and all movable assets except Book Debts under the Debenture Trust Deed dated September 11, 1984, and by a Joint Equitable Mortgage on certain other immovable properties modified by a Supplemental Trust Deed dated May 30, 1991 reducing the rate of interest from 15% per annum to 14% per annum and extending the date of redemption. These Debentures are redeemable in three instalments on July 1, 1997, July 1, 1998 and July 1, 1999 at a premium of Rs. 5 per Debenture payable with the last instalment. The Company, upon receipt of an offer to sell Debentures from Debentureholders, will buy back these Debentures at par provided the face value of the total holding of the Debentureholder does not exceed Rs. 40,000 and the Debentures have been held for a period not less than one year by such Debentureholder. The Company shall be at liberty to re-issue at par the Debentures bought back	56.00		56.00
Less — Redeemed/Bought back but not re-issued	41.11		23.95
		14.89	32.05
3. 13.75% SECURED NON-CONVERTIBLE DEBENTURES Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under the Debenture Trust Deed dated December 24, 1998. The Company exercised its option to prematurely redeem the Debentures after two years from the date of allotment. These Debentures were re-issued vide Supplemental Debenture Trust Deed dated September 22, 1998 reducing the rate of interest from 16.75% per annum to 13.75% per annum. These Debentures are to be redeemed at par on December 29, 2000	50.00		50.00
Less — Redeemed/Bought back but not re-issued	—		20.00
		50.00	30.00
4. 14.50% PRIVATELY PLACED SECURED NON CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under the Debenture Trust Deed dated September 1, 1997. These Debentures are to be redeemed at par on the expiry of the 5th year from the date of allotment i.e. on June 10, 2002		100.00	100.00
5. SERIES II AND SERIES III PRIVATELY PLACED SECURED NON CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated April 30, 1998. These Debentures are to be redeemed at par on the expiry of the 7th year from the respective date of allotments i.e. on January 13, 2005 and on March 18, 2005. The Company/Debentureholders have the right to exercise Call/Put option at par on the expiry of 5th Year from the respective date of allotment i.e. on January 13, 2003 and on March 18, 2003, by giving a notice period of one month		100.00	100.00
6. 14% SERIES IV PRIVATELY PLACED SECURED NON CONVERTIBLE DEBENTURES — Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under Debenture Trust Deed dated February 26, 1999. These Debentures are to be redeemed at par on the expiry of the 7th year from the date of allotments i.e. on December 15, 2005. The Company/Debentureholders have the right to exercise Call/Put option at par on the expiry of 5th Year from the date of allotment i.e. on December 15, 2003 by giving a notice period of one month		100.00	—
7. AMOUNTS DRAWN AGAINST CASH CREDIT ACCOUNTS WITH BANKS — Secured by hypothecation of stocks, stores, book debts etc.		23.58	199.90
Total Carried Over . .		388.47	461.95

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — C, SECURED LOANS — (*Contd.*)
Item I-2(a), page 12.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .		388.47	*461.95*
8. RUPEE LOANS —			
(a) Secured by a joint equitable mortgage on certain immovable properties and hypothecation of all movable assets except book debts —			
(i) Financial Institutions	224.25		*302.10*
(ii) Banks	—		*0.48*
	224.25		*302.58*
(b) Secured by a joint equitable mortgage on certain immovable properties — Housing Development Finance Corporation Ltd.	9.94		*14.77*
(c) Secured by *pari-passu* charge by way of hypothecation of the specified machinery and equipment — Bank	8.33		*16.67*
(d) Secured by a mortgage on certain immovable properties— Housing Development Finance Corporation Ltd.	15.00		*15.00*
(e) Secured by exclusive first charge by way of hypothecation of the specified machinery and equipment and other movable assets except book debts—			
(i) Financial Institutions	0.12		*0.67*
(ii) Banks	29.07		*38.14*
	29.19		*38.81*
(f) Secured by second *pari-passu* charge on certain immovable properties— Bank	25.00		*25.00*
		311.71	*412.83*
9. FOREIGN CURRENCY LOANS —			
(a) Secured by exclusive first charge by way of hypothecation of the specified machinery and equipment —			
i) Financial Institutions	—		*0.17*
ii) Bank	18.26		*23.79*
	18.26		*23.96*
(b) Secured by *pari-passu* charge by way of hypothecation of all movable assets — Banks	234.68		*218.08*
		252.94	*242.04*
TOTAL . .		953.12	*1,116.82*

Notes :— The mortgage/charge indicated in 1, 2, 3, 4, 5, 6, 8(a to c) and 9(b) above are to rank *pari-passu inter se* and are subject to —
(a) the prior charges in favour of Company's Bankers on specified movable assets for securing working capital requirements/ guarantee facilities; and
(b) the exclusive first charges in terms of Foreign Currency Term Loan from Bank of America and Rupee Term Loans from Risk Capital and Technology Finance Corporation Ltd., IDBI, ANZ Grindlays Bank, Hong Kong & Shanghai Banking Corporation.

SCHEDULE — D, UNSECURED LOANS
Item I-2(b), page 12.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. FIXED DEPOSITS (includes Short Term/Call Deposits from Limited Companies Rs. 6.00 Crore — *Previous Year Rs. Nil*)		62.42	*69.29*
2. COMMERCIAL PAPER (Maximum balance during the year Rs. 300 Crore — *Previous Year Rs. 145 Crore*)		300.00	*100.00*
3. SHORT TERM LOAN		—	*100.00*
4. LONG TERM LOANS			
(i) Financial Institution	13.12		*13.89*
(ii) Bank	65.00		*35.00*
(iii) Other	2.00		*—*
		80.12	*48.89*
5. SHORT TERM EXTERNAL COMMERCIAL BORROWING FROM BANK ..		—	*16.93*
6. LONG TERM LOANS FROM THE STATE INDUSTRIAL AND INVESTMENT CORPORATION OF MAHARASHTRA LTD. (SICOM) AND MADHYA PRADESH SALES TAX AUTHORITY		5.84	*0.51*
TOTAL . .		448.38	*335.62*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — E, FIXED ASSETS

Item II-1, page 12.

FIXED ASSETS	GROSS BLOCK AT COST				TOTAL DEPRECIATION		NET BLOCK	
	As at 31-3-1998	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-1999	For the Year 1998-99	Upto 31-3-1999	As at 31-3-1999	*As at 31-3-1998*
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	*(i)*
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	*Rs. Crore*
1. Goodwill and Purchase of Rights	0.39	—	—	0.39	—	—	0.39	*0.39*
2. Freehold Land	13.49	10.30	—	23.79	—	—	23.79	*13.49*
3. Leasehold Land	15.00	2.54	1.50	16.04	0.40	2.06	13.98	*13.36*
4. Buildings	160.22	41.93	7.13	195.02	4.56	31.94	163.08	*130.91*
5. Machinery, Plant and Kilns	1,208.92	312.65	80.99	1,440.58	70.73	503.18	937.40	*745.13*
6. Roads, Bridges and Fences	24.79	3.60	0.54	27.85	0.47	4.60	23.25	*20.64*
7. Water Works	13.57	0.98	0.08	14.47	0.65	9.95	4.52	*4.24*
8. Railway Sidings and Tram-Lines	11.83	1.88	—	13.71	0.57	5.13	8.58	*7.27*
9. Rolling Stock	49.57	0.22	0.18	49.61	3.82	17.09	32.52	*36.12*
10. Furniture, Fixtures and Equipments	45.08	3.57	0.53	48.12	2.79	19.31	28.81	*28.40*
11. Motor Cars, Trucks, etc.	39.69	10.23	0.64	49.28	4.58	14.78	34.50	*29.11*
12. Electric Installations	262.74	68.46	16.41	314.79	15.19	94.56	220.23	*177.60*
	1,845.29	456.36	108.00	2,193.65	103.76	702.60	1,491.05	
Previous Year . .	*1,687.09*	*187.25*	*29.05*	*1,845.29*	*85.51*	*638.63*		*1,206.66*
13. Capital Work in Progress and Unallocated Capital Expenditure							403.81	*620.28*

Notes:— (i) Purchase of 211 Shares of Rs. 6210 in various Co-operative Housing Societies, in respect of 18 residential flats are included under Item No. 4 'Buildings'.

(ii) Freehold land includes Rs. 0.35 Crore — *Previous Year Rs. 0.35 Crore,* Leasehold land includes Rs. 0.09 Crore — *Previous Year Rs. 0.09 Crore* and Buildings (Gross Block) includes Rs. 0.48 Crore — *Previous Year Rs. 0.48 Crore* in respect of which the transfer of title deeds to the name of the Company is under process.

(iii) Exchange rate differences arising during the year on foreign currency loans borrowed for the acquisition/construction of fixed assets have been adjusted — increase of Rs. 15.29 Crore — *Previous Year Rs. 23.26 Crore.*

(iv) Rolling Stock includes assets given on lease to Railway under 'Own Your Wagons' Scheme of Rs. 28.86 Crore — *Previous Year Rs. 28.86 Crore.*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — F, INVESTMENTS — (At cost unless otherwise stated) Item II-2, page 12.	Face Value	Numbers	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. TRADE INVESTMENTS —					
(a) Equity Shares — Fully Paid (Quoted):—					
(i) TRF Ltd.	10	3,60,000	0.51		*0.51*
(ii) Eternit Everest Ltd.	10	38,50,020	0.53		*0.53*
(iii) Floatglass India Ltd. (See note 11(i), Page 32)	10	1,01,44,355	17.95		*17.95*
(b) Equity Shares — Fully Paid (Unquoted):—					
(i) International Ferrites Ltd. (Sold during the Year 40,30,935 Shares — *Previous Year Nil*)	10	99,24,371	9.94		*13.98*
(ii) Alcoa – ACC Ltd.	10	28,80,000	2.88		*2.88*
(iii) ABB – ABL Ltd. (at written down value)	10	8,15,482	0.82		*0.82*
(iv) Tata International Ltd.	1,000	3,000	0.75		*0.75*
(v) Tata Industries Ltd.	100	2,50,000	4.00		*4.00*
(vi) Bridgestone ACC India Ltd.	10	2,61,40,000	26.14		*26.14*
(vii) ACC Rio Tinto Exploration Limited (20,00,000 Shares Subscribed during the year)	10	40,00,000	4.00		*2.00*
(c) Cumulative Redeemable Preference Shares — Fully Paid (Unquoted):—					
(i) 14% Tata Sons Ltd.	1,000	53,000	5.30		*5.30*
(ii) 10% Floatglass India Ltd. (See Note 11(i) Page 32)	100	5,00,000	5.00		*5.00*
(d) Bonds (Quoted):—					
17% TRF Ltd. Bonds (Matured during the year)	100	30,000	—		*0.30*
(e) Investment in Foreign Currency (Unquoted):—					
Iran and India Cement Engg. Consultant Co. PJS	RLS 1000	1,46,999	0.17		*0.17*
				77.99	*80.33*
2. SUBSIDIARY COMPANIES—					
(a) Equity Shares — Fully Paid (Unquoted) —					
(i) ACC Machinery Co. Ltd.	100	3,00,000	3.99		*3.99*
(ii) ACC-Nihon Castings Ltd. (See note 11(ii), Page 32) (Purchased during the year — 69,49,846 @ Rs. 0.39 per share — *Previous Year Nil*)	10	1,54,32,384	8.75		*8.48*
(iii) Bulk Cement Corporation (India) Limited	10	1,24,60,050	12.46		*12.46*
(iv) Damodhar Cement & Slag Ltd.	10	2,09,70,000	20.97		*20.97*
@ (Reduced face value pursuant to BIFR scheme)	@4.50	1,31,93,447	5.93		*5.93*
(b) Equity Shares — Partly Paid (Unquoted) — The Cement Marketing Co. of India Ltd.	100	3,610	—		*—*
(c) Cumulative Redeemable Preference Shares — Fully Paid (Unquoted):— 10% ACC Nihon Castings Limited (Subscribed during the year) (See note 11(ii), Page 32)	10	60,00,000	6.00		*—*
				58.10	*51.83*
3. OTHER INVESTMENTS:—					
(a) GOVERNMENT AND TRUSTEE SECURITIES — Face Value Rs. Crore					
Quoted —			—		*—*
Unquoted 0.05			0.05		*0.07*
0.05			0.05		*0.07*
(includes Securities of the face value of Rs. 0.03 Crore — *Previous Year Rs. 0.03 Crore* — deposited with Governments and others as Security Deposits)					
Total Carried Over . .			0.05		*0.07*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — F, INVESTMENTS — (*Contd.*)

	Face Value	Numbers	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
Total Brought Over . .			0.05		*0.07*
(b) Equity Shares — Fully Paid (Quoted) :—					
The Industrial Credit and Investment Corporation of India Ltd.	10	7,50,640	1.55		*1.55*
Industrial Development Bank of India	10	3,38,900	4.34		*4.34*
Housing Development Finance Corporation Ltd.	100	33,750	0.42		*0.42*
GRUH Finance Ltd.	10	6,57,791	1.35		*1.35*
The India Cement Ltd.	10	784	—		—
Dalmia Cement (Bharat) Ltd.	10	373	—		—
Mysore Cement Ltd.	10	350	—		—
The Andhra Cement Company Ltd.	10	52	—		—
OCL India Limited (Earlier — Orissa Cement Limited).	10	48	—		—
Kanoria Sugar & General Mfg. Co. Ltd.	10	4	—		—
Shree Digvijay Cement Co. Ltd.	100	18	—		—
Panyam Cement & Mineral Industries Ltd.	100	5	—		—
HDFC Bank Ltd.	10	500	—		—
(c) Equity Shares — Fully Paid (Unquoted) :—					
Biotech Consortium India Ltd.	10	50,000	0.05		*0.05*
Rohtas Industries Ltd.	10	220	—		—
The Jaipur Udyog Ltd.	10	120	—		—
The Sone Valley Portland Cement Company Ltd.	5	100	—		—
The Travancore Cement Co. Ltd.	10	100	—		—
Ashoka Cement Ltd.	10	50	—		—
(d) UNITS (Quoted):—					
Unit Trust of India — Unit Scheme 1964 (includes 2,46,794 Units purchased — *Previous Year 2,20,902 Units* and 3,75,92,441 Units sold — *Previous Year Nil*)		17,43,223	2.21		*49.52*
				9.97	*57.30*
(e) Fully Convertible Debentures (Unquoted) GRUH Finance Limited (Subscribed during the year)	10	6,57,791		0.66	—
TOTAL . .				146.72	*189.46*

Notes : (i) Aggregate Net Cost and Market Value of Company's Investments : —

	As at 31-3-1999 Aggregate Net Cost	As at 31-3-1999 Market Value	*As at 31-3-1998 Aggregate Net Cost*	*As at 31-3-1998 Market Value*
	Rs. Crore	Rs. Crore	*Rs. Crore*	*Rs. Crore*
Quoted	28.86	43.94	*76.47*	*118.13*
Unquoted	117.86		*112.99*	
Total Investments	146.72		*189.46*	

(ii) Investments aggregating Rs. 13.01 Crore are subject to restrictions on transfer/hypothecation — *Previous Year Rs. 21.50 Crore.*

(iii) The Units of Unit Trust of India [Item 3(d)] are 'Current Investments'. All other Investments are 'long term'.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — G, INVENTORIES — As Certified by the Management Item II-3(a), page 12.	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. LIMESTONE, GYPSUM AND OTHER RAW MATERIALS —			
(a) On Hand	34.76		*30.80*
(b) In Transit	0.65		*2.13*
		35.41	*32.93*
2. COAL, BAGS, STORES, SPARES, ETC. —			
(a) Coal	25.38		*18.21*
(b) Bags	5.68		*5.63*
(c) Stores and Spares	79.06		*99.94*
(d) In Transit	8.16		*9.18*
		118.28	*132.96*
3. LOOSE PLANT AND TOOLS		1.40	*1.50*
4. STOCK IN TRADE —			
(a) Finished Goods	44.97		*64.47*
(b) Flats	0.02		*0.02*
		44.99	*64.49*
5. WORK IN PROGRESS —			
(a) Manufactured Products	34.88		*44.65*
(b) Contracts in Progress	0.08		*0.52*
(c) Flats under construction	1.86		*1.78*
		36.82	*46.95*
TOTAL . .		236.90	*278.83*

ACC

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — H, SUNDRY DEBTORS
Item II-3(b), page 12.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. SUNDRY DEBTORS (SECURED AND CONSIDERED GOOD)			
(a) Over Six Months	1.54		*1.16*
(b) Others	9.57		*9.74*
		11.11	*10.90*
2. SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)			
(a) Over Six Months —			
(i) Sale of Products and Services	30.85		*22.00*
(ii) Railway, Insurance and Other Claims (includes Rs. 51.60 Crore due from Central/State Governments — *Previous Year Rs. 39.93 Crore*)	64.15		*50.25*
	95.00		*72.25*
(b) Others —			
(i) Sale of Products and Services	129.45		*135.72*
(ii) Railway, Insurance and Other Claims (includes Rs. 13.40 Crore due from Central/State Government — *Previous Year Rs. 14.86 Crore*)	39.28		*41.92*
	168.73		*177.64*
		263.73	*249.89*
TOTAL..		274.84	*260.79*

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — I, CASH AND BANK BALANCES
Item II-3(c), page 12.

	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. CASH ON HAND		0.50	*0.53*
2. CURRENT ACCOUNTS WITH BANKS			
(a) Scheduled Banks	41.20		*37.01*
(b) Ambala Kurukshetra Gramin Bank, Malla, Haryana (maximum balance during the year Rs. Nil — *Previous Year Rs. 3.56 Crore*)	—		*—*
(c) The National Commercial Bank, Yanbu, Saudi Arabia (maximum balance during the year Rs. 1.64 Crore — *Previous Year Rs. 1.54 Crore*)	0.63		*0.82*
(d) Rafidian Bank, Iraq (maximum balance during the year Rs. — Crore — *Previous Year Rs. — Crore*)	—		*—*
		41.83	*37.83*
3. POST OFFICE SAVINGS BANK ACCOUNTS (maximum balance during the year Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore*)		0.01	*0.01*
(The Pass Books are held as security by Excise and Railway Authorities and other parties)			
4. REMITTANCES IN TRANSIT		7.58	*26.21*
5. FIXED DEPOSITS			
Scheduled Banks — against margin money		1.23	*1.00*
TOTAL..		51.15	*65.58*

SCHEDULE — J, OTHER CURRENT ASSETS
Item II-3(d), page 12.

	Rs. Crore	*Previous Year Rs. Crore*
1. ACCRUED INTEREST	2.42	*2.89*
2. ASSETS HELD FOR DISPOSAL	2.80	*—*
TOTAL..	5.22	*2.89*

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE — K, LOANS AND ADVANCES — (Unsecured, Considered Good unless otherwise stated) Item II-3(e), page 12.	Rs. Crore	Rs. Crore	*Previous Year Rs. Crore*
1. ADVANCES AGAINST CAPITAL EXPENDITURE		26.56	*45.63*
2. BALANCES WITH EXCISE, CUSTOMS AND PORT TRUST AUTHORITIES ON CURRENT ACCOUNTS		55.29	*43.72*
3. SUNDRY ADVANCES AND DEPOSITS, ETC.			
(a) Advances to Suppliers	34.96		*34.44*
(b) Sales Tax, Freight and Excise Duty	1.24		*0.84*
(c) Advances and Deposits with Railways, Government Bodies and Others (See note 9, Page 31)	105.92		*98.23*
(d) Prepaid Expenses	25.72		*7.94*
(e) Loans and Advances to Employees (due by Officers Rs. 1.35 Crore — *Previous Year Rs. 0.65 Crore.* Maximum balance during the year Rs. 1.46 Crore — *Previous Year Rs. 0.70 Crore*)	25.37		*22.60*
		193.21	*164.05*
4. ADVANCE PAYMENTS AGAINST TAXES (net of provision for taxes)		7.19	—
5. ADVANCE AGAINST SUBSCRIPTION FOR SHARES			
ACC Rio Tinto Exploration Limited	2.00		*1.00*
International Ferrite Limited	3.53		—
		5.53	*1.00*
6. LOANS AND ADVANCES TO SUBSIDIARY COMPANIES			
(a) Unsecured interest free loan	1.92		*1.92*
(b) Call deposits	2.00		*5.14*
(c) Other dues	6.97		*5.77*
		10.89	*12.83*
7. LOANS TO COMPANIES AND PUBLIC BODIES			
(a) Interest free loan to a company	—		*2.25*
(b) Call deposits with companies	—		*4.60*
(c) Secured loan to public body (security to be created)	—		*3.33*
		—	*10.18*
TOTAL..		298.67	*277.41*

Note — Due by Whole-time Directors Rs. 0.24 Crore — *Previous Year Rs. 0.25 Crore.* Maximum balance during the year Rs. 0.25 Crore — *Previous Year Rs. 0.34 Crore.*

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE — L, SUNDRY LIABILITIES
Item II-4(a), page 12.

	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. SUNDRY CREDITORS			
(a) For Capital Expenditure	27.98		*50.76*
(b) For Goods Supplied (See Note 16(a and b), Page 32) (including Rs. 0.03 Crore due to Small Scale Industries — *Previous Year not ascertained*)	69.53		*55.98*
(c) For Advance Payments (includes Rs. 0.10 Crore — *Previous Year Rs. 0.15 Crore* — relating to real estate development)	52.50		*44.25*
(d) For Other Liabilities (includes *pro-rata* Premium on redemption of debentures Rs. 2.39 Crore — *Previous Year Rs. 2.08 Crore* and balance of consideration payable towards acquisiton of Shares of a Subsidiary Company Rs. 1.32 Crore — *Previous Year Rs. 2.64 Crore*)	184.71		*198.58*
		334.72	*349.57*
2. EMPLOYEES		26.75	*24.12*
3. SUNDRY DEPOSITS		27.52	*19.04*
4. SECURITY DEPOSITS FROM CONTRACTORS		9.45	*7.77*
5. UNPAID DIVIDENDS		15.04	*14.36*
6. INTEREST ON SECURED LOANS ACCRUED BUT NOT DUE		18.04	*10.52*
7. INTEREST ON UNSECURED LOANS ACCRUED BUT NOT DUE		4.30	*5.96*
TOTAL . .		435.82	*431.34*

SCHEDULE — M, PROVISIONS
Item II-4(b), page 12.

	Rs. Crore	Previous Year Rs. Crore
1. TAXATION (net of advance tax)	—	*1.91*
2. GRATUITY	3.07	*1.70*
3. LEAVE ENCASHMENT ON RETIREMENT	7.24	*4.51*
4. PROPOSED DIVIDEND	20.49	*20.55*
5. TAX ON DIVIDEND	2.26	*2.06*
6. FOR CONTINGENCIES	20.00	—
TOTAL . .	53.06	*30.73*

SCHEDULE — N, MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)
Item II-6, page 12.

	Rs. Crore	Previous Year Rs. Crore
1. COMPENSATION UNDER VOLUNTARY RETIREMENT SCHEME	40.71	*34.03*
2. COST OF ASSETS NOT OWNED BY THE COMPANY	2.94	*1.87*
TOTAL . .	43.65	*35.90*

ACC

SCHEDULE — O, NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Sales

(i) Sales are accounted on despatch of products and includes cost of self-consumption of goods produced.

(ii) Income from consultancy and other services rendered is accounted for as per the terms of the contract.

(iii) Revenue on real estate development is recognised on completion of contract.

(iv) Lease Rental income is accounted as per terms of lease.

(B) Excise Duty

Excise Duties recovered are included in the sale of products. Excise Duty paid on despatches are shown separately as an item of Manufacturing and Other Expenses and included in the valuation of duty paid goods. Excise Duty liability on manufactured goods lying in factory premises is not provided for and also not included in the valuation of stock-in-trade.

(C) Accounting of Claims and Subsidies

(i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

(ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim.

(iii) Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from cost of the relevant fixed asset.

(iv) Investment subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(D) Debenture/Share Issue Expenses and Premium on Redemption of Debentures

Debenture/Share issue expenses incurred are expensed in the same year and premium payable on debentures is expensed pro-rata over the debenture period; both are adjusted against the Share Premium Account as permitted by Section 78(2) of the Companies Act, 1956.

(E) Retirement Benefits

(i) Company's contributions paid/payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to the Profit and Loss Account.

(ii) Leave encashment on retirement is provided on the basis of actuarial valuation.

(F) Fixed Assets

(i) Fixed assets are stated at cost of acquisition or construction including attributable interest and financial costs till such assets are put to use less specific grants received.

(ii) Depreciation is provided —

(a) in respect of assets acquired upto July 31, 1968 on the written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956;

(b) in respect of assets acquired during the period August 1, 1968 to July 31, 1986 on the straight line method at the rates in force at the time of acquisition of assets in accordance with Circular No.: 1/86 dated May 21, 1986 issued by the Department of Company Affairs;

(c) in respect of assets acquired on or after August 1, 1986 on the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis.

(iii) Depreciation of leased assets is charged to Profit and Loss Account on straight line method over the primary lease period.

(iv) Cost of leasehold land is amortised over the period of the lease.

(v) In respect of quarry freehold land, amortisation reserve is created by amortising the cost over the number of years of the mining rights of the quarries.

(G) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including trial production expenses net of revenue earned and attributable interest and financing costs, prior to commencement of commercial production are capitalised.

(H) Investments

Investments have been classified under 'Long term' and 'Current'. Long term investments are stated at cost or written down value (in case of other than temporary diminution). Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.

(I) Research and Development

Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in Fixed Assets and depreciation is provided on such assets as applicable.

(J) Inventories

(i) Raw Materials, Stock in trade and work in progress is valued at cost or net realisable value whichever is lower.

(ii) Coal, packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis.

(iii) Expenditure incurred on mobilisation and creation of facilities in respect of incomplete contracts is carried forward and written off in proportion to work done.

(K) Foreign Currency Transactions

(i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of such items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of the transaction. In respect of overseas contract the transactions are accounted at average rate. Gain or loss arising out of translation / conversion is taken credit for or charged to the Profit and Loss Account.

(ii) Exchange differences arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets.

(L) Miscellaneous Expenditure

(i) Compensation payable to employees under the Voluntary Retirement Scheme has been deferred, to be written off over a period of five years.

(ii) Expenditure incurred which results in creation of infrastructure not owned by the Company, is treated as deferred revenue expenditure to be written off over a period of five years.

(M) Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. **MANAGERIAL REMUNERATION** (excluding contribution to gratuity fund) paid/payable to Directors:—

Managing/Whole-time Directors	Rs. Crore	*Previous Year Rs. Crore*
Salaries	0.27	*0.27*
Perquisites	0.36	*0.36*
Contributions to Provident and Superannuation Funds	0.07	*0.07*
Commission	—	—
	0.70	*0.70*
Directors other than the Managing/Whole-time Directors — Sitting Fees	0.04	*0.03*
	0.74	*0.73*

Consequent to inadequacy of profit for the year, under section 349 of the Companies Act, 1956, the remuneration paid to Directors has resulted in excess by Rs. 0.21 Crore, for permissibility of which, the Company is applying to the Central Government.

3. The Company had set up a second Captive Power Plant at Wadi at a cost of Rs. 48.90 Crore which was eligible for Sales Tax incentive amounting to Rs. 30.40 Crore as per the Eligibility Certificate issued by the Director of Industries, Government of Karnataka. However, the same was disputed by the Commissioner of Commercial Taxes as according to him, no incremental production resulted on account of the investment in the Captive Power Plant. It has been the Company's contention all along that additional production is not a pre requisite for eligibility of sales tax incentives under the State Industrial Policy for the period 1993-98. This fact has been borne out and further buttressed by the case of certain other companies which made similar investment in captive power plants wherein the State of Karnataka has granted them eligibility certificate specifically stating that

incentive is not linked to additional capacity/production. During the year, the Division Bench of the High Court of Karnataka upheld the Company's appeal and set aside an earlier order of the single judge of the same court, subject to liberty granted to the Commissioner of Commercial Taxes to approach the State Level Committee for modifying the eligibility certificate issued to the Company in the event of there being any factual error either on the face of the record or otherwise. The Company has, since then, received a notice from Commissioner for Industrial Development and Director of Industries and Commerce and Member Secretary, State Level Committee, Karnataka to show cause why the certificate of eligibility should not be modified to restrict the sales tax incentive only to the extent of additional production, which has been duly objected to by the Company. The Company has been legally advised that increased production is not a requirement to qualify for the sales tax incentive and the proposed amendment to their eligibility certificate is beyond the liberty granted by the High Court and the interpretation proposed in the show cause notice is not legally tenable.

Under the circumstances, the Board of Directors reviewed the need to retain a provision of Rs. 30.40 Crore provided in earlier years. They have concluded that there is no likelihood of the sales tax incentive being ultimately withdrawn, in the light of the stand taken by the Company, the judgement of the Division Bench of the High Court of Karnataka in the Company's own case, the developments in other similar cases and the legal advice obtained by the Company from its legal counsel strongly supporting the stand taken by the Company notwithstanding the show cause notice or other steps that may be taken by the authorities of the Government of Karnataka to reopen the proceedings with the objective of denying the incentive to the Company. Accordingly, the Board has decided that there is no need to retain the provision which has now been written back in the accounts.

4. The Karnataka Government by a notification dated 28-2-1987 had reduced the rate of tax on inter state sales from Karnataka to 2%. Subsequently the Supreme Court vide its judgement dated 12-1-1988 had quashed the notification. Consequently the sales tax authorities demanded the differential tax amounting to Rs. 9.89 Crore. During the year consequent to a favourable Supreme Court judgement on a similar issue in which the Company was an intervenor, the Company has written back the amount of Rs. 9.89 Crore provided in earlier years.

5. The Company was making provisions under the Himachal Pradesh Taxation (On Certain Goods Carried By Roads) Act, 1991. The legislation was challenged in the High Court of Himachal Pradesh which in its judgement dated December 13, 1994 declared the Act as *ultra — vires ab initio.* An appeal by the State Government against the High Court judgement is pending with the Supreme Court. Based on the legal opinion obtained the Company had written back Rs. 19.37 crore pertaining to earlier period and ceased making provisions in the previous year.

6. Under the Jute Packing Materials (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of cement was required to be supplied in jute bags. The provisions of the said Act were challenged in the Supreme Court which upheld the constitutional validity of this Act in its judgement dated April 25, 1996. The company could not despatch cement in jute bags at the specified percentage in view of strong consumer resistance to use of jute bags as well as poor availability of jute bags. The Ministry of Textiles in its orders dated June 30, 1997 and December 15, 1998 has deleted cement from the list of commodities to be packed in jute bags. In view of this development, the Company does not expect any liability on account of penalty or otherwise, in respect of earlier periods, which is not ascertainable.

7. During an earlier year the Company had received notices from certain State Governments and claims had also been preferred by certain collieries after enactment of 'Cess and Other Taxes on Minerals (Validation) Act,' 1992. In respect of these demands/ claims received, the Company had filed writ petitions and obtained stay orders. The Supreme Court in its judgement dated July 26, 1996 has upheld constitutional validity of the Act. However, the issue of validity of any fresh demand made is being reviewed by a larger Bench constituted by the Supreme Court and its verdict is awaited. The Company had made provisions of Rs. 29.96 Crore in earlier years in respect of Mineral Rights Tax and Cess on limestone and coal which is considered adequate.

8. The Company has filed a Writ Petition against the order of the Madhya Pradesh State Mining Department demanding Rs. 22.37 Crore towards payment of additional Royalty on Limestone based on the ratio of 1.60 tonnes of Limestone to 1 tonne of cement produced as its factories in Madhya Pradesh. The Company holds the view that the payment of Royalty on Limestone is based on the actual quantity of Limestone extracted from the mining area. The independent report obtained from National Council of Building Materials supports the Company's view. The Company has challenged the demand by filing Writ Petition in the Jabalpur High Court. In view of the demand being legally unsustainable, the Company does not expect any liability in the matter.

9. Advances and deposits with Railways, Government bodies and others (item 3(c), Schedule K) includes an amount of Rs. 13.25 Crore — *previous year Rs. 9.95 Crore* for setting up a power sub-station for the Company's Gagal Works being an infrastructure project not owned by the Company. After completion of the project, half of the amount shall be recoverable against electricity charges.

10. a) In respect of the Synthetic Ferric Oxide Plant, based on the technical evaluation, the management expects the useful life of the plant to be shorter than as envisaged earlier. Consequently, the estimated balance useful life has been considered as about 12 years and depreciation rate revised from 4.75% to 6.74% prospectively. Due to this, the depreciation charge for the year is higher by Rs. 0.57 Crore.

b) Hitherto expenditure on acquisition of technical knowhow for manufacturing process relating to new products was treated as deferred revenue expenditure, to be written off over a period of five years which is now written off when incurred. *Consequently the profit for the year is lower by Rs. 1.37 Crore.*

11. (i) The Company has an investment of Rs. 22.95 Crore in equity shares and cumulative redeemable preference shares of Floatglass India Ltd. (FGIL). The operations of FGIL have resulted in substantial erosion of its net worth and the Company is a potentially sick company under the Sick Industrial Companies (Special Provisions) Act, 1985. However, in view of the long term prospects of floatglass as a building product, no permanent diminution is envisaged.

(ii) The Company has an investment of Rs. 14.75 Crore in equity and cumulative redeemable preference shares and Rs. 5.81 Crore due from ACC-Nihon Castings Limited (ANCL). Further the Company has given guarantees on behalf of ANCL to Financial Institutions for loans granted to ANCL and the contingent liability under these guarantees is Rs. 28.55 Crore as on March 31, 1999. The net worth of ANCL has been substantially eroded and the Company is potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. Having regard to the restructuring process initiated, the Company expects significant improvement in the future and no permanent diminution is envisaged.

12. CONTINGENT LIABILITIES NOT PROVIDED FOR :—

(A) Indemnity given to Bank of India for the guarantee/s executed by them on behalf of TRF Ltd. to the extent of Rs. 0.36 Crore — *Previous Year Rs. 0.36 Crore.*

(B) Indemnity and Guarantee/s given to Banks/Financial Institutions and Government Bodies for the grant of term loan and for other facilities on behalf of subsidiary companies including amount referred to in Note 11(ii) to the extent of Rs. 77.25 Crore — *Previous Year Rs. 33.32 Crore* — and — others Rs. 9.73 Crore — *Previous Year Rs. 9.95 Crore.*

(C) Guarantee provided to a Corporate Body on behalf of Subsidiary Company Rs. 1.75 Crore — *Previous Year Rs. 1.75 Crore.*

(D) Uncalled amount on Investments in partly paid shares Rs. 0.03 Crore — *Previous Year Rs. 0.03 Crore.*

(E) As a signatory to the Memorandum of Association of The Cement Allocation and Co-ordinating Organisation, a company limited by guarantee Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore.*

(F) Sales Tax Rs. 0.98 Crore — *Previous Year Rs. 0.91 Crore.*

(G) Claims against the Company not admitted as debts Rs. 23.73 Crore — *Previous Year Rs. 4.75 Crore.*

(H) Income Tax Rs. 7.97 Crore — *Previous Year Rs. 7.97 Crore.*

13. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 127.60 Crore — *Previous Year Rs. 89.33 Crore.*

14. Revenue expenditure on Research and Development amounting to Rs. 6.62 Crore — *Previous Year Rs. 12.25 Crore* — has been charged to Profit and Loss Account and Capital Expenditure relating to Research and Development amounting to Rs. 0.14 Crore — *Previous Year Rs. 0.56 Crore* — has been included in Fixed Assets (Schedule 'E' Page 21).

15. In order to meet the adverse impact if any, in respect of various outstanding issues, litigation and investments referred to in Note 11, it is considered prudent to make a provision of Rs. 20 crore towards contingencies.

16. a. An amount of Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore* — is outstanding as at March 31, 1999 to suppliers under the "Interest on Delayed Payment to Small Scale and Ancillary Industrial Undertakings Act, 1993".

b. The Small Scale Industrial undertakings to whom the company owes a sum exceeding Rs. 1 Lakh which is outstanding for more than 30 days are as follows.

	Rs. Crore	*Previous Year*
1) Structural Waterproofing Co. Pvt. Ltd.	0.03	(not ascertained)

17. Excise Duty liability amounting to Rs. 3.51 Crore — *Previous Year Rs. 4.11 Crore* — on manufactured goods lying in factory premises has not been provided and also not included in the valuation of stock-in-trade. However, it has no impact on the Profit and Loss Account.

18. A charge has been created on stocks, stores, etc., in favour of Banks in consideration of guarantees and letter of credit issued/ to be issued to the limit of Rs. 215 Crore on behalf of the Company — *Previous Year Rs. 215 Crore.*

19. The Declarations filed under the Urban Land (Ceiling & Regulations) Act, 1976, in respect of the Company's holdings in certain States in excess of the ceiling prescribed under the Act and the applications for exemption filed under Section 20 of the Act to retain these lands are under consideration of the concerned Authorities, except that in the case of three Units, the concerned State Governments have granted the required exemption.

20. Raw Materials etc. (Item 2 of Schedule 2 at Page 15) includes consumption of Coal and Oil for Kilns, etc. Rs. 245.96 Crore — *Previous Year Rs. 254.19 Crore.*

21. Stores consumed etc. (Item 5(a) of Schedule 2 at Page 15) is after deduction of Rs. 83.31 Crore charged to Raw Materials and other relevant heads — *Previous Year Rs. 78.08 Crore.*

22. Future obligation by way of lease rentals payable Rs. 29.95 Crore — *Previous Year Rs. 36.46 Crore.*

23. The amount of exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account of future period — Nil — *Previous Year Net Loss of Rs. 0.22 Crore.*

24. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :—

(A) Sales by class of goods —

	Unit	1998-99		*1997-98*	
		Quantity	Rs. Crore	*Quantity*	*Rs. Crore*
(i) Cement@	Lakh Tonnes	92.34	2,103.14	*88.72*	*1974.65*
(ii) Refractories and Refractory Products	,,	0.74	137.00	*0.78*	*141.55*
(iii) Ready Mix Concrete	Cu Mtrs.	252952	60.56	*186564*	*45.74*
(iv) Consultancy Services	—	—	51.40	*—*	*47.02*
(v) Erection, Fabrication & Contracts	—	—	22.40	*—*	*13.89*
(vi) Miscellaneous	—	—	5.52	*—*	*7.88*
(vii) Purchased Cement & other products	Lakh Tonnes	7.76	226.59	*5.77*	*169.65*
			2606.61*		*2400.38**

		1998-99	*1997-98*
*	Includes :		
(a)	Used at and/or despatched to works	23.23	*27.27*
(b)	Excise Duty	345.26	*335.18*

@ Includes 1.71 Lakh tonnes of clinker value Rs. 28.09 Crore — *Previous Year 2.21 Lakh tonnes — Rs. 28.44 Crore.*

(B) Details of raw materials & components consumed (including labour cost Rs. 6.48 Crore — *Previous Year Rs. 6.58 Crore*) —

	Unit	1998-99		*1997-98*	
		Quantity	Rs. Crore	*Quantity*	*Rs. Crore*
(i) Limestone (including overheads)	Lakh Tonnes	102.39	115.56	*100.08*	*110.32*
(ii) Granulated Slag	,,	9.02	33.43	*8.73*	*33.28*
(iii) Gypsum	,,	4.67	46.42	*4.65*	*45.42*
(iv) Others	,,	18.35	112.58	*13.91*	*104.96*
			307.99		*293.98*

(C) Licensed and installed capacity, actual production and opening and closing stocks —

	Unit	*Installed/Rated Capacity per annum as at March 31, 1999	*1998*	Actual Production 1998-99	*1997-98*
(i) Cement	Lakh Tonnes	114.13	*100.77*	91.47	*88.82*
(ii) Refractories and Refractory Products	"	1.2	*0.94*	0.76	*0.81*
(iii) Ready Mix Concrete	Cu. Mtrs.	673200	*673200*	253196	*186564*
(iv) Synthetic Ferric Oxide	Tonnes	10,000	*10,000*	1218	*883*

Licensed Capacity per annum not indicated due to the abolition of Industrial Licences as per Notification No. 477(E) dated July 25, 1991 issued under The Industries (Development and Regulation) Act, 1951.
* As certified by the Management and accepted by the Auditors.

		Opening Stocks as at April 1, 1998		*April 1, 1997*		Closing Stocks as at March 31, 1999		*March 31, 1998*	
	Unit	Quantity	Rs. Crore	*Quantity*	*Rs. Crore*	Quantity	Rs. Crore	*Quantity*	*Rs. Crore*
(i) Cement	Tonnes	313,227	54.55	*3,03,013*	*52.28*	226,061	36.57	*3,13,227*	*54.55*
(ii) Refractories and Refractory Products	"	2,706	5.75	*3,369*	*7.97*	2,300	5.08	*2,706*	*5.75*
(iii) Miscellaneous	"	254	0.31	*460*	*0.59*	117	0.14	*254*	*0.31*
(iv) Purchased Cement and Other Products	Tonnes	6,212	3.88	*7,877*	*2.36*	6,334	3.20	*6,212*	*3.88*
			64.49		*63.20*		44.99		*64.49*

(D) Purchase of Cement and Other Products — 7.76 Lakh Tonnes — Rs. 184.08 Crore *(Previous Year — 5.75 Lakh Tonnes — Rs. 142.59 Crore).*

(E) Value of imports calculated on C.I.F. basis —

	1998-99 Rs. Crore	*1997-98 Rs. Crore*
(i) Raw Material	6.14	*7.96*
(ii) Packing Material	—	*1.33*
(iii) Components and Spare Parts	6.34	*5.32*
(iv) Coal	42.55	*19.64*
(v) Capital Goods	15.72	*29.60*
	70.75	*63.85*

(F) Expenditure in foreign currencies —

		1998-99 Rs. Crore	1997-98 Rs. Crore
(i)	Interest (including payments in Rupees to a Financial Institution on foreign currency loans)	16.08	13.10
(ii)	Expenses on foreign contracts	22.30	18.58
(iii)	Travelling Expenses	1.61	1.67
(iv)	Books, Publications and Membership Fees paid	0.07	0.10
(v)	Postage, Telegrams, Telex and other expenses	0.05	0.05
(vi)	Technical Know-how paid (net of taxes)	6.09	6.52
(vii)	Commission on Exports paid	0.38	0.59
(viii)	Consultant's Fees	0.76	0.10
		47.34	40.71

(G) Value of imported and indigenous raw materials, components and spare parts consumed —

	Raw Materials				Components and Spare Parts			
	1998-99 Rs. Crore	%	1997-98 Rs. Crore	%	1998-99 Rs. Crore	%	1997-98 Rs. Crore	%
(i) Imported	8.86	3.08	11.89	5.35	6.25	7.00	4.90	7.33
(ii) Indigenous	278.65	96.92	210.27	94.65	83.08	93.00	61.97	92.67
	287.51	100.00	222.16	100.00	89.33	100.00	66.87	100.00

(H) Earnings in foreign exchange —

		1998-99 Rs. Crore	1997-98 Rs. Crore
(i)	Export of Cement, Refractory Products and Spares on F. O. B. basis	13.05	21.23
(ii)	Earnings on contract services	31.58	26.41
(iii)	Consultancy Services	6.69	5.48
(iv)	Sale of Publications	0.01	0.02
(v)	Gain in Exchange (Net)	1.78	0.93
		53.11	54.07

25. Previous year's figures have been regrouped/restated wherever necessary to make them comparable with current year's figures.

26. Figures have been shown in Rupees Crore only, in accordance with the approval from the Company Law Board.

Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. 112515 State Code 11

Balance Sheet Date 31 03 99
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	Right Issue*
NIL	764
Bonus Issue	Private Placement
NIL	NIL

*(incl. Share Premium received during the year Rs. 745 thousands.)

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	Total Assets
2952 0100	2952 0100

SOURCES OF FUNDS

Paid-up Capital	Reserves & Surplus
136 8400	889 2200
Secured Loans	Unsecured Loans@
953 1200	483 9500

@(incl. Stockists' Deposits Rs. 355700 thousands)

APPLICATION OF FUNDS

Net Fixed Assets	Investments
1894 8600	146 7200
Net Current Assets	Misc. Expenditure
377 9000	43 6500
Accumulated Losses	
NIL	

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	Total Expenditure
2742 1200	2677 7800
Profit (Loss) Before Tax	Profit/(Loss) After Tax
64 3400	56 8400
Earning per Share (in Rs.)	Dividend Rate (%)
42	15

V. GENERIC NAME OF PRINCIPAL PRODUCT OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Product Description
252300	CEMENT
690200	REFRACTORY
	CONSULTANCY SERVICE

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 1999.

	Rs. Crore	Previous Year Rs. Crore
A. Cash flow from operating activities —		
1. Net profit before tax and extraordinary items	64.34	15.44
Adjustments for :		
2. Depreciation	103.76	85.51
3. Profit on sale of fixed assets (includes Rs. 31.94 Crore on transfer of power generation facility at Wadi)	(32.22)	(15.75)
4. Interest & dividend income (Gross)	(16.47)	(18.59)
5. Interest expense	162.45	119.14
6. Debenture issue expenses adjusted against share premium	(0.57)	(1.06)
7. Assets/Capital Work in Progress written off	2.04	2.26
8. Miscellaneous expenditure written off	10.03	5.26
9. Profit on Sale of Investment	(10.87)	—
10. Provision for contingencies	20.00	—
11. Provision for gratuity and leave encashment	4.10	1.39
Operating profit before working capital changes	306.59	193.60
Adjustments for :		
12. Trade receivables	(14.05)	(34.55)
13. Inventories	41.93	0.30
14. Other receivables	(41.93)	(26.72)
15. Trade payables	21.74	(18.52)
	314.28	114.11
16. Compensation under voluntary retirement scheme	(16.26)	(37.68)
17. Cost of assets not owned by the company	(1.52)	(1.96)
Cash generated from operations	296.50	74.47
18. Interest paid (includes amount capitalised Rs. 39.09 crore — *previous year Rs. 51.52 crore*)	(195.68)	(160.44)
19. Direct taxes — Refund/(Paid) — Net	(16.60)	12.98
Net Cashflow from operating activities	84.22	(72.99)
B. Cashflow from investing activities —		
20. Loans to companies and public bodies	13.32	2.31
21. Purchase of fixed assets	(184.56)	(409.10)
22. Sale of fixed assets (includes Rs. 90.06 crore on transfer of power generation facility at Wadi)	90.93	11.27
23. Purchase of Investments	(14.78)	(25.65)
24. Sale/Redemption of Investments	62.54	16.03
25. Interest received	6.54	8.46
26. Dividend received	10.40	11.36
Net cash used in investing activities	(15.61)	(385.32)
C. Cashflow from financing activities —		
27. Proceeds from issue of share capital (net of share issue expense)	(0.32)	0.03
28. Proceeds from/(Repayment of) borrowings — Net	(61.07)	515.34
29. Dividend Paid	(19.59)	(37.91)
30. Dividend Tax Paid	(2.06)	(4.11)
Net cash used in financing activities	(83.04)	473.35
Net increase /(decrease) in cash and cash equivalents	(14.43)	15.04
Cash and Cash equivalents — Opening Balance	65.58	50.54
— Closing Balance	51.15	65.58

Notes: 1. All figures in brackets represents deductions / outflows.
2. Previous year's figures have been regrouped wherever necessary.
3. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and Financing activities.

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

S. GANGULY
Vice-Chairman

P. K. SINOR
Whole-time Director & Company Secretary

T. M. M. NAMBIAR
Managing Director

N. H. ITALIA
President Finance

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

Mumbai, April 28, 1999.

AUDITORS' REPORT

We have examined the above cash flow statement of The Associated Cement Companies, Limited for the year ended March 31, 1999. The statement has been prepared by the Company in accordance with the listing requirements of the listing agreement with the Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended March 31, 1999.

per our report attached
For K. S. AIYAR & CO.
Chartered Accountants

MANI A. AIYAR
Partner
Mumbai, April 28, 1999.

For A. F. FERGUSON & CO.
Chartered Accountants

R. SUBRAMANIAM
Partner

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956. RELATING TO SUBSIDIARY COMPANIES

	ACC Machinery Company Limited	The Cement Marketing Company of India, Limited	ACC-Nihon Castings Limited	Bulk Cement Corporation (India) Limited	Damodhar Cement and Slag Limited
(A) The "Financial Year" of the Subsidiary Companies	March 31, 1999	March 31, 1999	March 31, 1999	March 31, 1999	March 31, 1999
(B) Shares of the subsidiary held by The Associated Cement Companies Limited on the above dates :					
(a) Number and face value. . . .	3,00,000 Shares of Rs. 100 each fully paid up	3,610 Shares of Rs. 100 each on which Rs. 10/- per Share paid-up	154,32,384 Shares of Rs. 10/- each and 60,00,000 10% cumulative Redeemable Preference Shares of Rs. 10 each fully paid-up	1,24,60,050 Shares of Rs. 10/- each fully paid-up	131,93,447 Shares of Rs. 4.50 each and 2,09,70,000 Shares of Rs. 10 each fully paid-up
(b) Extent of holding	100%	100%	100%	66.67%	98%
(C) The net aggregate of Profits/Losses of the Subsidiary Companies so far as it concerns the members of The Associated Cement Companies, Limited —					
(a) not dealt with in the accounts of The Associated Cement Companies, Limited for the year ended March 31, 1999 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above . .	Rs. 7.17 Lakhs	Rs. — Lakhs	Rs. 594.14 Lakhs (Loss)	Rs. 20.40 Lakhs (Loss)	Rs. 860.87 Lakhs
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's Subsidiaries	Rs. 376.85 Lakhs	Rs. 0.07 Lakh	Rs. 1412.36 Lakhs (Loss)	—	Rs. 3046.58 Lakhs
(b) dealt with in the accounts of The Associated Cement Companies Limited for the year ended March 31, 1999 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above . .	—	—	—	—	—
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's Subsidiaries	Rs. 85.73 Lakhs	—	—	—	—

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

S. GANGULY
Vice-Chairman

T. M. M. NAMBIAR
Managing Director

A. K. CHATTERJEE
M. L. NARULA
Whole-time Directors

P. K. SINOR
Whole-time Director & Company Secretary

N. H. ITALIA
President Finance

Mumbai, April 28, 1999.

ANNEXURE 'A' TO DIRECTORS' REPORT (Para 19)

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) **CONSERVATION OF ENERGY**

(a) Energy conservation measures taken:

— Modification in preheater cyclones to reduce pressure drop at Jamul and Wadi Cement Works

— Installation of high efficiency cooler modules at Wadi Kiln-2, Jamul Kiln-3 and Gagal Kiln-1

— Installation of one large dry process plant with preheater calciner of 1.2 MTPA at Kymore Works.

— Installation of closed circuit cement mill at Madukkarai Works.

(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption:

— Introduction of energy efficient technologies along with capacity augmentation at Gagal, Madukkarai and Chanda Works.

— Close circuiting of two cement mills at Kymore Cement Works.

— Pre grinding mill for cement mills at Kymore Cement Works.

— Development and installation of CMOS optimisation package for cement mills at Gagal Cement Works.

— Energy Monitoring and Targeting System at Gagal Cement Works.

— Installation of Captive Thermal Power Plants at Kymore and Jamul Cement Works to reduce energy cost.

(c) The impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

— Savings in energy usage; both thermal and electrical

(d) Total energy consumption and energy consumption per unit of production as per Form A.

FORM A

Power and Fuel Consumption

	Current Year			**Previous year**		
	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs./Unit	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs./Unit
(1) **Electricity**						
(a) **Purchased**						
Cement	6900	22647	3.28	6901	21021	3.05
Refractory Products	103	401	3.91	99	375	3.78
Synthetic Ferric Oxide	22	72	3.35	23	76	3.35
(b) **Own Generation**						
(i) Through Diesel Generator						
Cement	736	2380	3.23	616	2062	3.35
Refractory Products	11	44	3.86	21	86	4.16
(ii) Through Steam Turbine/ Generator						
Cement	2759	5638	2.04	3331	7338	2.20

	Current Year			Previous Year		
	Quantity (Lakh Tonnes)	Total Cost (Rs. Lakhs)	Average Rate (Rs./Tonne)	Quantity (Lakh Tonnes)	Total Cost (Rs. Lakhs)	Average Rate (Rs./Tonne)
(2) **Coal** (for kiln)						
Cement	13.7	23880	1741	14.9	24845	1671
Refractory Products	0.05	87	1732	0.05	78	1632
(3) **LPG & Propane**						
Synthetic Ferric Oxide	0.01	106	11625	0.01	115	11351
		Total Amount			Total Amount	
	Kilo Litres	Rs. Lakhs	Rs./Litre	Kilo Litres	Rs. Lakhs	Rs./Litre
(4) **Furnace Oil**						
Cement	103	12	11.14	280	25	9.05
Refractory Products	3902	234	6.01	2242	142	6.34
Synthetic Ferric Oxide	56	3	5.07	64	4	5.66
(5) **L.S.H.S. Oil**						
Refractory Products	46	2	4.54	2633	175	6.64
(6) **Diesel Oil**						
Refractory Products	1261	110	8.76	1311	112	8.51

	Consumption per Unit of Production		
	Standard@ (if any)	**Current Year**	**Previous Year**
(a) Electricity KWH/T			
Cement — *			
Wet process	89-105	88	92
Semi dry/Dry process	98-110	96	102
Refractory Products	—	109	104
Synthetic Ferric Oxide	—	1664	2420
(b) Furnace Oil Kilo Litres/T			
Cement —	—	0.00001	0.00003
Refractory Products	—	0.051	0.028
Synthetic Ferric Oxide	—	0.05	0.07
(c) Coal for Kiln K. Cal/Kg. Clinker			
Cement —			
Wet process	1350	1277	1288
Semi dry/Dry process	720-990	804	829
(d) Coal/T of Refractory Products	—	0.07	0.08
(e) L.S.H.S. Oil Kilo litres/T of Refractory Products	—	0.001	0.032
(f) Diesel Oil Kilo Litres/T of Refractory Products	—	0.02	0.02
(g) LPG & Propane/T of Synthetic Ferric Oxide	—	0.75	1.14

@ Source : Publication of Confederation of Indian Industries

* excludes non-process power consumption

(B) TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. **Specific areas in which R&D carried out by the Company**
   - Improvement of the hydraulic activity of clinker phase permitting utilisation of low grade limestone
   - Improved utilisation of industrial waste for manufacture of high quality blended cement
   - Development of environmentally benign range of refractory binders & special products
   - Utilising the densified system of particles for development of a range of densified reinforced composite
   - Development of catalyst and catalytic systems for environmental protection
   - Development of advanced ceramic materials for electronic and structural applications

2. **Benefits derived as a result of above R&D**
   - Conservation of Industrial resources for cement manufacture
   - Improvement of productivity through transfer of technology to operating plants
   - Building of competence in material science
   - Development of environment friendly products and processes

3. **Future plan of action**
   - Commercialisation of newer products and processes through technology transfer
   - Development of improved refractory for cement and steel industries
   - Exploring knowledge based technologies for manufacture of advanced materials

4. **Expenditure on R&D**

	Rs. Lakhs
(a) Capital	**14**
(b) Recurring	**662**
(c) Total	**676**
(d) Total R & D expenditure as percentage of total turnover	**0.3%**

Technology absorption, adaptation and innovation

I. Efforts, in brief, made towards technology selection, absorption and innovation

(a) Technology under implementation

- Technology for tunnel form construction from M/s Scanform, Denmark for high speed of construction suitable for mass housing
- Technology for manufacture of microwave ferrites from M/s Hiltek Materials Ltd., U.K.
- Technology for surface coating of Diamond like nano composites (Dylyn coating) from M/s Advanced Refractory Technologies Inc., USA

(b) Technology fully absorbed

— Technology for special refractory castables and mouldables from M/s Harbison Walker, USA

II. Benefits derived as a result of the above effort

— Import substitution

— New product development

III. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information is furnished:

(i) **Technology**	**Year of Import**
Manufacture of magchrome bricks	1993-94
Manufacture of advanced ceramics	1993-94
System for control of air pollution	1993-94
Manufacture of Synthetic Ferric Oxide	1995-96
Manufacture of monolithic refractories for steel industry	1996-97
Manufacture of Special refractory castables and mouldables	1997-98
Tunnel form construction for mass housing	1998-99

(ii) Has the technology been fully absorbed — Yes

(C) FOREIGN EXCHANGE EARNING AND OUTGO

	Rs. Lakhs
(i) Foreign exchange earned	5311
(ii) Foreign exchange used	11809

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

Mumbai, April 28, 1999.

ACC

ANNEXURE 'B' TO DIRECTORS' REPORT (Para 20)

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 1999.

Sr. No.	Name	Designation & Nature of duties	Remuneration Received Gross Rs.	Remuneration Received Net Rs.	Qualifications	Date of Commencement of Employment	Age in years	Last Employment
1.	Ahuja I. C.	Sr. Vice-President — PED	7,09,363	4,30,704	B.E.	1.11.64	55	Hindustan Steel, Durgapur
2.	Chadha Naveen	Sr. Vice-President — Gagal Works	6,04,726	3,98,439	B.Sc., Engg. Elect.	3.4.72	51	Nil
3.	Chatterjee (Dr.) A. K.	Whole-time Director	14,16,488	8,50,403	M.Sc., Ph.D.	7.1.80	58	General Manager, CRI New Delhi
4.	Ghai D. S.	Sr. Vice-President — Madukkarai Works	6,44,400	4,20,628	B.E. (Hons.), Chemical	8.8.71	51	IRIL — Jodhpur
5.	Govil R. P.	Sr. Vice-President — Jamul Works	6,55,044	4,27,859	B.Sc., B.E. (Elect.)	20.11.68	56	Nil
6.	Gupta M. L.	President — Corporate Affairs	8,81,344	5,17,650	B. Tech. (Hons.)	9.1.68	58	Nil
7.	Italia N. H.	President — Finance	9,87,662	6,62,509	B.Com., ACA	1.6.72	52	Director Finance, Floatglass India Ltd.
8.	Jain A. K.	President Mktg. Cement Business	10,14,422	6,39,485	B. Tech. (Hons.)	1.8.69	51	Nil
9.*	Ketkar A. D.	Vice-President — Civil	*2,57,399	1,62,353	B.E.	13.11.61	60	P.W.D.
10.@	Kunzru R. M.	Director I & O — Floatglass India Ltd.	6,25,803	3,86,512	B. Tech. Hons.	8.8.70	54	Modi Steels
11.*	Mathai T. V.	Vice-President — Projects	*1,87,670	1,41,268	B.E. Electrical FIE	26.11.84	60	Malabar Cements
12.	Mohan Ravinder	Sr. Vice-President — Kymore Works	6,04,320	3,91,137	B. Tech. D.M.S.	1.7.71	49	Nil
13.	Nambiar T. M. M.	Managing Director	20,52,731	12,02,811	B.Com., ACA	17.11.75	61	Sr. Management Staff-Financial Accounts, Burmah Shell Oil Storage & Distribution Co. of India Ltd.
14.	Narain L. K.	President — H.R. & Admn.	9,57,506	5,54,022	M.A., BL	2.7.93	56	Piramal Enterprises Ltd.
15.	Narula M. L.	Whole-time Director	12,91,914	7,80,519	B.Sc. Engg. FIE India	15.1.63	58	Nil
16.	Pathak A. K.	President & Chief Exec. — RCD	9,83,526	6,05,806	B. Tech.	8.8.71	50	Nil
17.	Rangarajan T. S.	Sr. Vice-President — Mktg.	6,75,577	3,88,992	B.Sc., ACS	1.6.70	49	Nil
18.	Reddy K. M. R.	Sr. Vice-President — Operations	7,12,986	3,90,840	Dip. in Mining 1st Class MMC (Coal & Met)	2.5.63	58	Nil
19.	Sachdeva S. C.	Sr. Vice-President — Projects	6,92,941	4,05,492	B. Tech. Mech., AIMA	1.8.69	51	Delhi Electric
20.	Shenoy A. R.	President — Engg. Business	10,51,682	6,00,591	B.Sc., B.Sc. Engg.	26.8.76	59	Asst. Purchase-Suptd. Shriram Chemical Ltd.
21. @	Singh A. P.	Director — Sales & Marketing Floatglass India Limited	7,02,649	4,59,358	B.A. (Hons.) Dip. Marketing	10.7.72	48	Toshiba Anand Batteries
22.	Sinor P. K.	Whole-time Director & Company Secretary	16,54,652	10,58,683	B.Com., FCS	1.7.75	59	Company Secretary, ACC-Vickers Babcock Ltd.
23.	Tiwari T. N.	President — Technical	9,00,519	5,54,043	B.Sc. B.Tech.	7.8.72	50	Nil

Notes:
(i) Gross Remuneration shown above is subject to tax and comprises salary, allowances, commission (if any), incentives, monetary value of perquisites and Company's contribution to provident fund and officer's superannuation fund. Commission to Directors and incentives to senior executives are considered on the basis of actual payment.

(ii) In addition to the above remuneration, employees are entitled to gratuity, medical benefits, etc. in accordance with the Company's Rules.

(iii) All the employees have adequate experience to discharge the responsibility assigned to them.

(iv) 'Net Remuneration' is after tax and is exclusive of Company's contribution to Provident fund and officers' superannuation fund and monetary value of non-cash perquisites.

(v) The nature of employment in all cases is contractual.

(vi) * Indicates that the employees were in service only for a part of the year.

(vii) @ Indicates that the employees were on deputation to associate companies.

For and on behalf of the Board,

PALLONJI S. MISTRY
Chairman

Mumbai, April 28, 1999

ACCOUNTS OF SUBSIDIARY COMPANIES 1998-99

Page No.

DIRECTORS' REPORT

1. The Directors have pleasure in presenting the Twenty-fifth Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 1999.
2. **FINANCIAL RESULTS:**

	1998-99 Rs. Lakh	*1997-98 Rs. Lakh*
Gross Profit	**128.84**	*195.61*
Less : Depreciation on Fixed Assets	**120.62**	*183.25*
Profit before Taxes	**8.02**	*12.36*
Provision for Taxes	**0.85**	*1.30*
Profit after Taxation	**7.17**	*11.06*
Balance brought forward from previous year	**79.59**	*68.53*
Amount available for appropriation	**86.76**	*79.59*
APPROPRIATIONS		
Proposed Dividend	**Nil**	*Nil*
Tax on Distributed Profit	**Nil**	*Nil*
Balance Carried Forward to Balance Sheet	**86.76**	*79.59*

3. **SALES AND REVENUE:**
The Income of the Company was Rs. 1935.51 Lakhs in 1998-99 compared to Rs. 2696.57 Lakhs in 1997-98.
The drop in income of the Company has been in the aftermath of a severe recession in the Indian economy which has prevailed throughout the year. Due to the economic conditions, expansion plans of most industries were put on hold, thereby severely affecting the capital goods industry. Against this background, the performance of your Company may be considered satisfactorily. The turnover during the year was achieved entirely at the manufacturing facilities at Butibori Works —its other 2 units at Kalwe and Madukkarai having been closed in the previous year.
The year saw a greater acceptance of your Company's 3 lobe blowers in the market with dispatches to the chemical, fertilizer and steel industries in addition to the cement industries. All 3 types — (A), (B) and (C) of blowers covered by your Company's collaboration with M/s. Unozawa-gumi Iron Works, Ltd., Japan have now been manufactured and supplied to the market. Based on the market feedback and also with a view to tap a larger section of the blowers market, M/s. Unozawa-gumi have agreed in principle to expand our collaboration to include additional models of blowers and application of all models throughout the pressure range from vacuum to 1.2 kg/sq. cm. pressure.
The bulk transporters manufactured by the company in collaboration with M/s. ShinMaywa Industries, Ltd., Japan gained further acceptance in the market place during the year and are now in operation with a large number of companies spread all over the country. The Company has also developed and supplied new models of bulk transporters indigenously up to 19.5 cu.m. capacity. In light of market requirements, the Company has also concluded a 2nd technology transfer agreement with M/s. ShinMaywa Industries for one model of air agitation type bulk transporter and a larger sized semi-trailer type bulk transporter. With these additions the Company is in a position to cater to bulk transport needs of a large section of users.
The 2nd AVMP 230 clinker pre-grinder mill was supplied to Kymore Works of the ACC Ltd.
Business for the tyre manufacturing machinery has been dull during the year due to most tyre companies having shelved their capital expenditure programs. Nevertheless, the Company was successful in bagging and delivering repeat order for tyre curing presses for export and has received an export order, for the first time, for bladder curing press. Based on the performance of the twin mills developed and supplied last year, the Company has received a repeat order. A 3 roll precision calender for radial tyre lines was also developed and supplied during the year.
Due to the recessionary conditions which have prevailed during the year, the order book position has been weak. However, it is expected that the Indian economy, which has shown some signs of recovery of late, will pick up soon to give fillip to the capital goods industry.
4. **DIVIDEND:**
In view of the prevailing business scenario and large cash outflows required to be met in the near future, there is a need to conserve available funds. The Directors, therefore, do not recommend a dividend for the year ended March 31, 1999.
5. **CLOSURE OF KALWA UNIT:**
All the issues with the workmen of Kalwe Unit have been resolved amicably. The assets earmarked for Butibori unit have been transferred and the obsolete ones have been disposed off gainfully.
6. **Y2K COMPLIANCE:**
The Company has identified computer hardware and software systems which could have adverse effects of Y2K problems. This exercise included the hardware inventories at our Batibori Unit and Head Office.
Adequate resources in the form of manpower for remediation process were allocated and an implementation strategy was developed.
The Company had installed an on-line integrated package developed by a software consultancy firm. The total cost incurred by the Company for making the system Y2K compliant including cost of hardware is Rs. 1.92 lakhs. The entire work of successful remediation of Y2K issues has been carried out, the computer software system and hardware had been fully tested and implemented on January 1, 1999.
7. **INDUSTRIAL RELATIONS:**
Industrial Relations at the Company's unit have been cordial.
8. **DIRECTORS:**
Mr. N. H. Italia has been appointed on the Board of Directors of the Company with effect from December 18, 1997 in the vacancy caused by the resignation of Mr. Pathak. Mr. Italia holds office up to the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956 but is eligible for reappointment.
In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. T.M.M. Nambiar retires by rotation and is eligible for reappointment.
9. **AUDITORS:**
The Shareholders are requested to appoint Auditors for the Financial Year 1999-2000 and to fix their remuneration.
10. **PARTICULARS OF EMPLOYEES:**
The particulars of employees falling within the purview of the limits prescribed by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are enclosed.
11. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**
As required under Section 217(e) of the Companies Act, 1956, read with (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure forming part of this Report.
12. **ACKNOWLEDGEMENT:**
The Directors take this opportunity to express their appreciation for the co-operation received from the Central Government as well as the Governments in the States, the Company's Bankers, valuable customers and others connected with the Company. Your Directors also thank all the employees of the Company for their valuable services and support during the year.

Mumbai, April 20, 1999.
Registered Office :
"CEMENT HOUSE",
121, Maharshi Karve Road,
Mumbai 400 020.

For and on behalf of the Board of Directors,
T. M. M. Nambiar
Chairman

ANNEXURE TO THE DIRECTORS' REPORT (PARA 11)

(Additional information given in terms of Notification 1029 of 31.12.1998 issued by the Department of Company Affairs)
Disclosures

A. Conservation of Energy:
(a) The Company developed special mixing mills fitted with stock blenders and hydraulic stock guides. These additional accessories reduce the cycle time and also keep the process temperature low. This results in saving of energy by way of faster and uniform mixing.
(b) High power factor of electrical energy was maintained throughout the year at Butibori Works by optimum utilization of on-line power factor correction capacitor banks.

B. Foreign Exchange Earnings and outgo:
Earnings : Rs. 33.97 lakhs
Outgo : Rs. 211.44 lakhs

FORM B

Research and Development
1. Specific areas in which R&D carried out by the Company:
—The Company developed special mixing mill duly fitted with stock blender and hydraulic stock guides for improving the mixing characteristics and cycle times. This is especially required for the manufacture of rubber components for the latest range of automobiles.
—3 roll calender has been developed by the Company especially for radial tyre component production.
—Bulk transporters models of larger capacity and with optional facility of mounting on container platforms were developed and manufactured.
2. Benefits derived as a result of the above R&D:
—The above items/end products have been hitherto imported and with the development of these machines the end products shall now be manufactured in the country, in turn saving considerable foreign exchange. Larger capacity and platform mounting type bulk transporters will reduce per tonne movement costs and improve utilization of capital assets locked in rolling stock.
3. Future plan of action:
—To carry out further product development and technology upgradation in existing product range and new products.
4. Expenditure on R&D : Nil
5. Technology absorption, adaptation and innovation:
—All the 3 types of 3 lobe blowers to the design of M/s. Unozawa-gumi have been manufactured and supplied.
—Technology for manufacture of internal mixers has been productionised.

Mumbai, April 20, 1999.
Registered Office :
"CEMENT HOUSE",
121, Maharshi Karve Road,
Mumbai 400 020.

For and on behalf of the Board of Directors,
T. M. M. Nambiar
Chairman

AUDITORS' REPORT

To the Members of

ACC MACHINERY COMPANY LIMITED

Report on the Accounts for the year ended 31st March, 1999 in compliance with Section 227 (2) of the Companies Act, 1956.

We have examined the attached Balance Sheet and Profit and Loss Account annexed there to which are in agreement with the Company's books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, in our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that :—

(i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. These Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(ii) None of the fixed assets have been revalued during the year.

(iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. The frequency of verification is reasonable.

(iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(v) The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(vi) On the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.

(vii) The rate of interest and other terms and conditions of the loans, secured or unsecured taken from a Company listed in the Register maintained under Section 301 of the Companies Act, 1956 are *prima facie*, not prejudicial to the interest of the Company. The Company has not taken any loans from the Companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.

(viii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.

(ix) In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest where applicable.

(x) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.

(xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

(xii) The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.

(xiii) The Company has not accepted any deposits from the public.

(xiv) The Company has maintained reasonable records for the sale and disposal of scrap. The Company does not have any by-product.

(xv) The Company has an internal audit system commensurate with the size and nature of its business.

(xvi) The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.

(xvii) The Company is regular in depositing Provident Fund and Employees' State Insurance dues with appropriate authorities.

(xviii) No undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.

(xix) No personal expenses have been charged to Profit and Loss Account.

(xx) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Further to the above :

(a) We have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

(c) Attention is drawn in Note No. 7 regarding the method of accounting for depreciation in respect of Fixed Assets at the Butibori unit with retrospective effect. An amount of Rs. 83.06 lakhs being the surplus depreciation of prior years has been credited to the Profit and Loss Account and the consequential effects have been brought out in the said note.

(d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

(e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Note No. 7 and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

1. in the case of the Balance Sheet, of the state of affairs as at March 31, 1999 and
2. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner

Mumbai, April 20, 1999.

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BALANCE SHEET AS AT MARCH 31, 1999

(FIGURES IN RUPEES LAKH)

	Schedules			Previous Year
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS				
(a) Capital	A	**300.00**		300.00
(b) Reserves and Surplus	B	**363.80**		356.63
			663.80	656.63
2. LOAN FUNDS				
(a) Secured Loans	C	**459.72**		387.64
(b) Unsecured Loans	D	**795.66**		565.25
			1255.38	952.89
TOTAL FUNDS			**1919.18**	1609.52
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS				
(a) Gross Block	E	**2103.58**		1904.46
(b) *Less :* Depreciation		**698.17**		614.84
(c) Net Block			**1405.41**	1289.62
(d) Capital W.I.P.			**15.30**	19.58
2. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	F	**228.16**		367.11
(b) Sundry Debtors	G	**396.93**		317.86
(c) Cash and Bank Balances	H	**16.46**		1.12
(d) Loans and Advances	I	**146.81**		181.96
		788.36		868.05
3. *Less :* CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	J	**545.33**		746.74
		545.33		746.74
NET CURRENT ASSETS			**243.03**	121.31
4. MISCELLANEOUS EXPENDITURE (To the extent not Written off or adjusted)	K		**255.44**	179.01
TOTAL			**1919.18**	1609.52
NOTES ON ACCOUNTS	L			

As per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants.

RAGHUVIR M. AIYAR
Partner.

For and on behalf of the Board,

T. M. M. Nambiar *Chairman*

M. L. Narula
N. H. Italia } *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 1999. *Mumbai, April 20, 1999.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1999

(FIGURES IN RUPEES LAKH)

	Schedules			Previous Year
1. INCOME :				
(a) Sales and Services			**1852.75**	2590.41
(b) Miscellaneous Income	1		**82.76**	106.16
			1935.51	2696.57
2. EXPENDITURE :				
(a) Raw Materials, Bought-outs, Stores and Spares	2	**1025.02**		1559.69
(b) (Increase)/Decrease in Work-in-Progress	3	**102.39**		57.65
(c) Lease Rent & Licence Fees		—		31.36
(d) Employees' Remuneration and Benefits	4	**204.76**		284.86
(e) Expenses of Manufacture, Administration and Selling	5	**351.72**		455.89
(f) Interest and Bank Charges	6	**122.98**		111.51
(g) Depreciation (See Note no. 7) **203.68** *Less:* Surplus Written Back **83.06**		**120.62**		183.25
			1927.49	2684.21
3. PROFIT BEFORE TAXATION			**8.02**	12.36
4. PROVISION FOR TAXATION			**0.85**	1.30
5. PROFIT AFTER TAXATION			**7.17**	11.06
6. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			**79.59**	68.53
7. BALANCE PROFIT CARRIED TO BALANCE SHEET			**86.76**	79.59

As per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants.

RAGHUVIR M. AIYAR
Partner.

For and on behalf of the Board,

T. M. M. Nambiar *Chairman*

M. L. Narula
N. H. Italia } *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 1999. *Mumbai, April 20, 1999.*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A — SHARE CAPITAL

(FIGURES IN RUPEES LAKHS)

		Previous Year
AUTHORISED —		
3,00,000 Equity Shares of Rs. 100 each	**300.00**	*300.00*
ISSUED, SUBSCRIBED AND PAID UP —		
3,00,000 Equity Shares of Rs. 100 each	**300.00**	*300.00*

(All the shares are held by The Associated Cement Cos. Ltd., the Holding Company and its Nominees)

SCHEDULE B — RESERVES AND SURPLUS

(FIGURES IN RUPEES LAKHS)

		Previous Year
1. *General Reserve :*		
Balance as per last Balance Sheet	**277.04**	*277.04*
2. Profit and Loss Account	**86.76**	*79.59*
TOTAL	**363.80**	*356.63*

SCHEDULE D — UNSECURED LOANS

(FIGURES IN RUPEES LAKHS)

		Previous Year
1. Housing Development Finance Corporation Limited	**29.30**	*29.51*
FOREIGN CURRENCY LOAN		
2. Fuji Bank Limited — Japan (See Note No. 8) (Guaranteed by Letter of Comfort from The Associated Cement Cos. Ltd. The Holding Company)	**566.36**	*535.74*
3. The Associated Cement Cos. Ltd. (The Holding Company)	**200.00**	—
TOTAL	**795.66**	*565.25*

SCHEDULE C — SECURED LOANS

(FIGURES IN RUPEES LAKHS)

		Previous Year
Rupee Loan		
1. Loan from IDBI under the Equipment Finance Scheme, with a *pari-pasu* charge by way of hypothecation in favour of lenders, of the machinery together with machinery spares, accessories present and future, acquired/to be acquired by the Company out of the loan and to be installed at its Units and a *pari-pasu* charge by way of hypothecation of all the Company's movables pertaining to its Kalwa Unit (save and except book debts) present and future subject to prior charges created and/or to be created in favour of the company's bankers — Guaranteed by The Associated Cement Companies Ltd.; the Holding Company	**153.90**	*215.30*
Rupee Loan		
2. Loan from The Fuji Bank Ltd. with a *pari-pasu* charge by way of hypothecation in favour of the lenders, of the machinery together with machinery spares, accessories present and future, acquired/ to be acquired by the Company out of the loan and to be installed at its Units and a *pari-pasu* charge by way of hypothecation of all the Company's movables (save and except book debts) pertaining to its Kalwe unit (under transfer to Butribori) present and future subject to prior charges created and/or to be created in favour of the Company's bankers.	**123.53**	*150.00*
3. *Cash Credit — Punjab National Bank (Secured by* Hypothecation of Stocks of Raw materials, Components, Stores and Spares, Stock in Progress and Finished Goods) — Guaranteed by The Associated Cement Companies Ltd., the Holding Company	**182.29**	*22.34*
TOTAL	**459.72**	*387.64*

SCHEDULE E — FIXED ASSETS

(FIGURES IN RUPEES LAKHS)

ASSETS	GROSS BLOCK AT COST				DEPRECIATION					NET BLOCK	
A OWN ASSETS	As at 31-3-98	Additions	Disposals	**As at 31-3-99**	Upto 31-3-98	For the Year	On Disposals	Written Back	**Total as at 31-3-99**	**As at 31-3-99**	*As at 31-3-98*
1. Buildings*	375.58	—	24.99	**350.59**	41.71	11.71	12.72	19.18	**21.52**	**329.07**	*333.87*
2. Plant & Machinery	895.00	48.32	25.96	**917.36**	378.46	64.13	24.57	57.57	**360.45**	**556.91**	*516.54*
3. Licence Rights	366.75	197.07	—	**563.82**	38.57	106.51	—	2.76	**142.32**	**421.50**	*328.18*
4. Furniture & Fixtures	31.20	3.25	—	**34.45**	12.14	2.27	—	2.22	**12.19**	**22.26**	*19.06*
5. Office Equipment	47.39	1.43	—	**48.82**	27.68	3.66	—	1.33	**30.01**	**18.81**	*19.71*
6. Motor Vehicles**	24.71	—	—	**24.71**	15.40	2.41	—	—	**17.81**	**6.90**	*9.31*
Sub Total	1740.63	250.07	50.95	**1939.75**	513.96	190.69	37.29	83.06	**584.30**	**1355.45**	*1226.67*
B LEASED ASSETS											
1. Plant & Machinery	163.83	—	—	**163.83**	100.88	12.99	—	—	**113.87**	**49.96**	*62.95*
SUB — TOTAL	163.83	—	—	**163.83**	100.88	12.99	—	—	**113.87**	**49.96**	*62.95*
TOTAL — CURRENT	1904.46	250.07	50.95	**2103.58**	614.84	203.68	37.29	83.06	**698.17**	**1405.41**	*1289.62*
TOTAL — PREVIOUS	*938.12*	*967.42*	*1.08*	***1904.46***	*432.60*	*183.25*	*1.01*	—	***614.84***	***1289.62***	—

* Built on lease hold Land which is pending transfer from The Associated Cement Cos. Ltd. (The Holding Co.)
** Includes three vehicles pending registration in the Company's name.

SCHEDULE F — INVENTORIES — At Cost
(As certified by the Management)

(FIGURES IN RUPEES LAKHS)

		Previous Year
1. Work-in-Progress	**80.36**	*182.75*
2. Raw Materials	**141.22**	*177.55*
3. General Stores in hand & Loose Tools	**6.58**	*4.69*
4. Materials in Transit	—	*2.12*
TOTAL	**228.16**	*367.11*

SCHEDULE G — SUNDRY DEBTORS

(FIGURES IN RUPEES LAKHS)

		Previous Year
UNSECURED, CONSIDERED GOOD —		
1. More than six months (Includes amounts due from The ACC Ltd. Rs. 26.99 lakh (*previous year — Rs. Nil*)	**61.40**	*65.08*
2. Others (Includes amounts due from The ACC Ltd. Rs. 253.49 lakh (*previous year — Rs. 58.58 lakh*)	**335.53**	*252.78*
TOTAL	**396.93**	*317.86*

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE H — CASH AND BANK BALANCES

			Previous Year
1.	Cash	0.55	0.57
2.	Balance with Scheduled Banks — In Current Accounts	0.56	0.17
3.	Balance with Unscheduled Bank — In Current Account with Fuji Bank Ltd., Mumbai	0.35	0.38
4.	Funds in Transit	15.00	—
	TOTAL	16.46	1.12

SCHEDULE I — LOANS AND ADVANCES

(FIGURES IN RUPEES LAKHS)

	(Unsecured Considered Good — unless otherwise stated)		Previous Year
1.	Advances Recoverable in Cash or in kind or for value to be received	66.29	66.16
2.	Deposits	12.72	7.38
3.	Balance with Excise Authorities	32.90	61.04
4.	Advance Income Tax (Net of Provision Rs. 194.35 lakhs — *Previous year Rs. 193.52 lakhs*)	30.93	39.27
5.	The Associated Cement Cos. Ltd. (The Holding Company)	3.97	8.11
	TOTAL	146.81	181.96

SCHEDULE J — CURRENT LIABILITIES

(FIGURES IN RUPEES LAKHS)

				Previous Year
1.	Sundry Creditors for goods supplied — Small Scale Industries — More than Rs. 1 lakh and exceeding 30 days	—		—
	Others	148.96		138.11
			148.96	138.11
2.	Advance received against Orders		151.33	175.09
3.	Other Liabilities		245.04	333.54
4.	The Associated Cement Cos. Ltd. (The Holding Company)		—	100.00
	TOTAL		545.33	746.74

SCHEDULE K — MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)

(FIGURES IN RUPEES LAKHS)

				Previous Year
	Deferred Revenue Expenditure :			
1.	Fees for Product related Technical Know-how and Technical Assistance (See Note No. 8)	156.85		117.08
2.	Employee Severance Cost (See Note No. 5)	168.08		86.96
			324.93	204.04
	Less : Amortised		69.49	25.03
	TOTAL		255.44	179.01

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 1 — MISCELLANEOUS INCOME

(FIGURES IN RUPEES LAKHS)

			Previous Year
(a)	Rentals on Leased Assets	43.27	46.07
(b)	Packing and Forwarding	16.92	23.46
(c)	Other Income	4.19	22.49
(d)	Interest: — Others	6.52	4.96
(e)	Excess Provision Written Back	—	3.67
(f)	Sales Tax Refund	—	—
(g)	Profit on Sale of Assets	11.86	0.36
(h)	Credit balances written back	—	2.15
(i)	Bad Debt recovery	—	3.00
	TOTAL	82.76	106.16

SCHEDULE 2 — RAW MATERIALS, BOUGHT-OUTS, STORES AND SPARES, ETC.

(FIGURES IN RUPEES LAKHS)

			Previous Year
(a)	Raw Materials & Bought-outs consumed	1001.60	1528.98
(b)	Stores, Spares and Loose Tools consumed	23.42	30.71
	TOTAL	1025.02	1559.69

SCHEDULE 3 — (INCREASE)/DECREASE IN WORK-IN-PROGRESS

(FIGURES IN RUPEES LAKHS)

		Previous Year
Work-in-Progress as at 01.04.98	182.75	240.40
Less: Work-in-Progress as at 31.03.99	80.36	182.75
TOTAL	102.39	57.65

SCHEDULE 4 — EMPLOYEES' REMUNERATION AND BENEFITS

(FIGURES IN RUPEES LAKHS)

				Previous Year
(a)	Salaries, Wages, Bonus, Gratuity and Allowances		130.11	204.21
(b)	Contribution to Provident and other Funds		19.91	24.80
(c)	Welfare Expenses		4.47	9.55
(d)	Severance Cost for discontinued units: (See Note No. 5)			
	i) Leave encashment and others	15.02		35.13
	ii) Compensation costs amortised	35.25		1.45
	iii) Provision for salaries for Notice period	—		9.72
			50.27	46.30
	TOTAL		204.76	284.86

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 5 — EXPENSES OF MANUFACTURE, ADMINISTRATION AND SELLING

(FIGURES IN RUPEES LAKHS)

			Previous Year
(a) Excise Duties		150.72	185.13
(b) Power		16.88	16.22
(c) Repairs —			
(i) Machinery	12.83		9.00
(ii) Others	7.48		0.88
		20.31	9.88
(d) Rent, Rates and Taxes		10.14	8.80
(e) Insurance		2.24	2.59
(f) Legal and Professional Charges		12.62	21.42
(g) Auditors' Remuneration : —			
(i) Audit Fees	0.90		0.90
(ii) For Other Services	0.08		0.30
(iii) Reimbursement of expenses	0.02		0.38
(iv) For tax audit	0.14		0.13
		1.14	1.71
(h) Travelling and Conveyance		29.91	26.24
(i) Engineering Fees & Service charges..		3.98	77.98
(j) Contractual Deductions		—	13.87
(k) Deferred Revenue Expenditure Amortised		34.24	23.58
(l) Other expenses (comprising Postage, *Printing and Stationery, Entertainment* expenses, etc.)		69.54	68.47
TOTAL		351.72	455.89

SCHEDULE 6 — INTEREST AND BANK CHARGES

(FIGURES IN RUPEES LAKHS)

			Previous Year
(a) Bank Charges		6.33	4.54
(b) Interest :			
(i) Bank — Cash Credit	2.69		6.55
(ii) Long Term Loans	57.96		52.46
(iii) Others	—		0.03
(iv) HDFC	5.76		3.83
(v) ICD-The ACC Ltd.	7.12		6.16
(vi) ECB-The Fuji Bank Ltd.	43.12		37.94
		116.65	106.97
TOTAL		122.98	111.51

SCHEDULE L — NOTES ON ACCOUNTS

1.0 **SIGNIFICANT ACCOUNTING POLICIES**

1.1 **Sale of Products and Services**

(i) Sales are accounted on despatch of products and include cost of self-consumption of goods produced.

(ii) Income from consultancy and other services rendered is accounted for as per terms of contract.

(iii) Income from Erection Contracts is accounted on the basis of stage completion of the Contracts.

1.2 **Excise Duty**

Excise duties recovered are included in the sale of products. Excise duty paid on despatches is separately shown as expenses of manufacture.

1.3 **Accounting of Claims**

(i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

(ii) Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.

1.4 **Retirement Benefits**

(i) Company's contribution paid/payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to Profit and Loss Account.

(ii) Liability on account of leave encashment on retirement is provided on an estimated basis.

1.5 **Fixed Assets, Depreciation & Amortisation**

(i) All Fixed Assets are stated at cost of acquisition or construction.

(ii) Proportionate fees paid in respect of technical know how pertaining to plant and designs of plant and machinery are capitalized as a part of plant and machinery and depreciated accordingly.

(iii) Depreciation is provided on the Straight Line method in respect of assets at Butibori unit and on Written Down Value method for other assets at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(iv) Licence Rights and Trade Marks are amortised over a period of sixty months.

1.6 **Investments**

Short Term Investments are stated at cost or market value, whichever is lower and income thereon accounted on accrual basis.

1.7 **Inventories**

(i) Raw Materials, Stores and Spares and Work-in-progress are valued at cost, excluding bank charges on imported spares. Costs are determined on the basis of weighted average of Raw Material Cost, Direct Labour and Factory Overheads.

(ii) Work-in-progress in respect of Erection Contracts is valued at contract rates.

1.8 **Foreign Currency Transactions**

Foreign currency Assets and Liabilities are stated at the rates ruling at the year- end and at the contract rate where forward exchange contracts are entered into. Exchange differences relating to Foreign Exchange Loans taken for acquisition of Fixed Assets are adjusted in the cost of Assets. Any other exchange differences are dealt with in the Profit & Loss account.

1.9 **Deferred Revenue Expenditure**

Fees paid towards product related Technical Know how and Technical Assistance are deferred and amortised over a period of five years from the date of commencement of commercial production of the respective product. Severance cost of Employees arising out of the discontinuance of Kalwe unit are deferred and amortised over a period of sixty months.

2. The Company has been sanctioned a facility of foreign letter of credit cum guarantee of **Rs. 500 Lakhs** (*Previous Year Rs. 500 Lakhs*) by Punjab National Bank, which is fully secured by counter guarantee of **The Associated Cement Companies Ltd.** (Holding Company).

3. Contingent Liabilities

	1998-99 Rs. Lakhs	*1997-98 Rs. Lakhs*
a) In respect of Gurantees executed by bank on behalf of the Company	38.38	36.53
b) In respect of Demand raised by Central Excise authorities against the Company, the Company has filed appeal against the demand with appellate authorities	26.22	26.38

4. Estimated amounts of Contracts remaining to be executed on capital account and not provided for **Rs. 16.90 Lakhs** *(Previous Year Rs. Nil)*.

5. The Company has discontinued operations at its Kalwe unit with effect from March 25, 1998. Some of the plant and machinery and the movable assets of the discontinued Kalwe unit are being transferred to the Butibori unit at Nagpur. The staff and workmen of the discontinued Kalwe unit were eligible for severance compensation which had been estimated by the Management and an amouant of Rs. 86.96 lakhs provided for in the year 1997-98. Other costs on discontinuance were also estimated where required and provided for. During the year ended March 31, 1999, a final settlement has been arrived at whereby an additional sum of Rs. 82.45 lakhs has been booked as "Employees' Severance Compensation Cost" under the head Miscellaneous *Expenditure and other costs of Rs. 15.04 lakhs have been charged to the* current year's Profit and Loss account.

6. The Company has made tax provision (Minimum Alternate Tax) for the year under sec. 115JA of the Income Tax Act, 1961. The benefit of credit of this tax payment is available, in accordance with provision of Section 115JAA, over a period of subsequent five assessment years and the same will be accounted for when actually availed.

7. During the year, the Company has changed the method of providing for depreciation on fixed assets at Batibori unit. Depreciation which was hitherto provided on the Written Down Value method has been recomputed with retrospective effect from the date of acquisition on the Straight Line Method and the surplus of Rs. 83.06 lakhs arising out of this change in the accounting policy has been credited to the Profit and Loss account of the year. The Company's Management considers that this change would result in a more appropriate presentation of the performance of the Company's operations at the new manufacturing facility (commenced in early 1997) at Butibori, near Nagpur. Had the said change in policy not been made, the depreciation charge for the year would have been higher by Rs. 78.42 lakhs, the results for the year would have been a loss of Rs. 152.80 lakhs. Net Fixed Assets would have been lower by Rs. 161.48 lakhs and closing inventories higher by approximately Rs. 0.66 lakhs, while opening inventories have not been restated.

8. In accordance with the Company's accounting policy in respect to foreign currency transactions external commercial borrowings in US Dollars have been restated at the year end by an incremental amount of Rs. 126.85 Lakhs and the Gross Fixed Assets and Miscellaneous Expenditure — Licence Rights for Products and Technical Know-how have been correspondingly increased. These foreign exchange difference adjustments arose out of depreciation of the rupee which the Company covered with forward contracts. Of the foregoing above, Rs. 65.75 lakhs represents an adjustment to the liability / assets as of March 31, 1998 which were not accounted for. However, this did not have any impact on the net profits or net assets of that year.

9. Previous year's figures have been regrouped wherever necessary.

10. Additional information pursuant to the provisions of paragraphs 3 and 4 of the part II of schedule VI to the Companies Act, 1956 :—

I. TURNOVER—

	1998-99 Quantity Nos.	1998-99 Value Rs. Lakhs	*1997-98 Quantity Nos.*	*1997-98 Value Rs. Lakhs*
1. Tyre Machinery	**9**	**353.68**	*11*	*599.04*
2. Bulk Transporters	**75**	**803.28**	*79*	*1045.12*
3. Blowers	**14**	**59.76**	*15*	*61.17*
4. Erection, other fabrication, Bought-outs Spares etc.		**636.03**		*885.08*
5. Turnkey Contracts		—		—
TOTAL		**1852.75**		*2590.41*

II. RAW MATERIALS CONSUMED —

	1998-99 Quantity Tonnes	1998-99 Value Rs. Lakhs	*1997-98 Quantity Tonnes*	*1997-98 Value Rs. Lakhs*
1. Steel Sheets	**158.52**	**28.61**	*365.75*	*71.32*
2. Others		**972.99**		*1457.66*
TOTAL		**1001.60**		*1528.98*

III. LICENSED CAPACITY AND INSTALLED CAPACITY

Installed Capacity

	1998-99 Nos.	*1997-98 Nos.*
Collapsible Drums, Tyre Building Machines, Tyre Curing Presses, Tube Curing Presses, Brake Assemblies, Bladder Presses	**231**	*231*
Bulk Transporters	**150**	*150*
Three Lobe Blowers	**150**	*150*

Licensed Capacity per annum not indicated due to abolition of Industrial License as per notification No. 477 (E) dated July 25, 1991 issued under the Industrial (Development & Regulation) Act, 1951.

IV. PARTICULARS IN RESPECT OF GOODS MANUFACTURED/TRADED —

	1998-99 Qty. Nos.	*1997-98 Qty. Nos.*	Opening Stock (Finished Goods) Qty. Nos.	Opening Stock (Finished Goods) Value Rs. Lakh	Closing Stock (Finished Goods) Qty. Nos.	Closing Stock (Finished Goods) Value Rs. Lakh
1. Tyre Machinery	**9**	*11*	—	—	—	—
2. Bulk Transporters	**75**	*79*	—	—	—	—
3. Blowers	**14**	*15*	—	—	—	—

V. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR —

	1998-99 Rs. Lakh	*1997-98 Rs. Lakh*
1. Foreign Tour	**3.03**	—
2. Technical Know-how	**124.73**	*58.24*
3. Royalty	**14.77**	*10.38*
4. Basic Engineering Fees	**20.20**	*20.41*
5. Interest on ECB	**48.71**	*28.16*

VI. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS —

	1998-99 Rs. Lakh	*1997-98 Rs. Lakh*
Raw Materials	**140.41**	*30.23*
Capital Goods	—	*9.23*

VII. Value of Imported and Indigenous Raw Materials, Stores & Spare Parts consumed during the year —

	Raw Materials 1998-99 Rs. Lakh	%	*1997-98 Rs. Lakh*	*%*	General Stores and Loose Tools 1998-99 Rs. Lakh	%	*1997-98 Rs. Lakh*	*%*
1. Imported	**150.26**	**15.00**	*117.97*	*7.72*	—	—	—	—
2. Indigenous	**851.34**	**85.00**	*1411.01*	*92.28*	**23.42**	**100**	*30.71*	*100*
	1001.60	**100**	*1528.98*	*100*	**23.42**	**100**	*30.71*	*100*

VIII. Value of Exports —
Exports on F. O. B. basis **Rs. 33.97 Lakh** *(Previous Year Rs. 3.04 Lakh)*

Signatures to Schedules A to L and 1 to 6
As per our Report attached

For and on behalf of the Board

For K. S. Aiyar & Co.
Chartered Accountants.

T.M.M. Nambiar — *Chairman*

Raghuvir M. Aiyar
Partner.

M. L. Narula
N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 1999.

Mumbai, April 20, 1999.

Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

1.	Registration Details			
	Registration No.		:	16974
	State Code No.		:	11
	Balance Sheet Date		:	31-03-99
				(Rs. lakhs)
2.	Capital Raised During the year			
	Public (Issue through the prospectus)		:	—
	Right Issue		:	—
	Bonus Issue		:	—
	Private Placement (Firm allotment to the promoters and their Associates)		:	—
3.	Position of Mobilisation & Deployment of Funds			
	Total Liabilities		:	1919.18
	Total Assets		:	1919.18
	Sources of Funds —			
	Paid-up Capital (including Share Application money)		:	300.00
	Reserves & Surplus		:	*363.80*
	Secured Loans		:	459.72
	Unsecured Loans		:	795.66
	Application of Funds —			
	Net Fixed Assets		:	1420.71
	Investments		:	—
	Net Current Assets		:	243.03
	Miscellaneous Expenditure		:	255.44
	Accumulated Losses		:	—
4.	Performance of Company —			
	Turnover		:	1935.51
	Total Expenditure		:	1927.49
	Profit before Tax		:	8.02
	Profit after Tax		:	7.17
	Earning per Share	Rs.	:	2.39
	Dividend Rate	%	:	Nil
5.	Generic Name of Principal Product of Company			
	(As per Monetary Terms)			
	Item Code		:	8477.80
			:	8419.89
	Product Description		:	Tyre, Rubber and Cement Machinery

For and on behalf of the Board,

T.M.M. Nambiar — *Chairman*

M. L. Narula
N. H. Italia — *Directors*

J. N. Dhondy
Company Secretary

Mumbai, April 20, 1999.

DIRECTORS' REPORT

The Directors hereby present their Seventieth Annual Report together with the Statement of Accounts for the year ended March 31, 1999.

1. The Profit and Loss Account shows a net profit of Rs. 5/- which is carried to the Balance Sheet.
2. In accordance with the provision of the Companies Act, 1956, Mr. T. M. M. Nambiar, a Director of the Company retires by rotation and is eligible for re-appointment.
3. The Shareholders of the Company are requested to appoint Auditors and to fix their remuneration.

For and on behalf of the Board,

T. M. M. NAMBIAR
Chairman

Mumbai, April 28, 1999.

Registered Office:
'Cement House',
121, Maharshi Karve Road,
Mumbai 400 020.

AUDITORS' REPORT

We have examined the attached Balance Sheet of THE CEMENT MARKETING COMPANY OF INDIA LIMITED, Mumbai as at 31st March, 1999 and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account.

As the Company during the year was not engaged in any of the activities specified in para 1(2) of the Manufacturing and other Companies (Auditor's Report) Order, 1988 the said order is not applicable.

Further to the above:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account subject to and read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view of the state of the Company's affairs as at the close of the year and of the profit for the said year.

For K. S. AIYAR & CO.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner

Mumbai, April 28, 1999.

BALANCE SHEET AS AT MARCH 31, 1999

SOURCES OF FUNDS	Rupees	Rupees	Previous Year Rupees
SHAREHOLDERS' FUNDS			
(a) SHARE CAPITAL			
Authorised —			
3,610 Equity Shares of Rs. 100 each		3,61,000	*3,61,000*
Issued and Subscribed — 3,610 Equity Shares of Rs. 100 each, Rs. 10 per share paid up — all held by the Holding Company, The Associated Cement Companies, Limited and their Nominees		36,100	*36,100*
(b) RESERVES AND SURPLUS			
Profit and Loss Account		6,556	*6,551*
TOTAL		42,656	*42,651*
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Cash and Bank Balances —			
On Current Account with a Scheduled Bank	5,891		*5,433*
Fixed Deposit with Central Bank of India	35,000		*35,000*
(b) Interest accrued on Fixed Deposit	2,275		*2,275*
(c) Advance Payment of Tax	—		*443*
	43,166		*43,151*
LESS— CURRENT LIABILITIES AND PROVISIONS			
(a) Sundry Liabilities	500		*500*
(b) Provision for taxation	10		—
	510		*500*
NET CURRENT ASSETS		42,656	*42,651*
TOTAL		42,656	*42,651*

Per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants.

RAMAKRISHNA PRABHU
Partner.

Mumbai, April 28, 1999.

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman.*
A. R. SHENOY
M. L. NARULA } *Directors.*

Mumbai, April 28, 1999.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1999

Income	Rupees	Rupees	Previous Year Rupees
Interest on Fixed Deposit		4,550	*4,550*
Expenditure			
Establishment and other Expenses			
1. Rates and Taxes	1,560		*1,120*
2. Printing Stationery, Postage and Telephone Charges	452		*1,356*
3. General Charges	2,023		*1,680*
4. Auditors' Fees	500		*500*
		4,535	*4,656*
Profit/(Loss) before Taxation		15	*(106)*
Provision for Taxation		10	—
Net Profit/(Loss) after Taxation		5	*(106)*
Balance Brought forward from Previous Year		6,551	*6,657*
Balance Carried to Balance Sheet		6,556	*6,551*

Note: Additional information pursuant to the provisions of paragraphs 3 and 4 of the Part II of Schedule VI to the Companies Act, 1956, is not applicable, in absence of any Trading activity. Accounting Policy — All Expenditure and Income are on accrual basis.

Per our Report attached to the Balance Sheet

For K. S. AIYAR & CO.
Chartered Accountants.

RAMAKRISHNA PRABHU
Partner.

Mumbai, April 28, 1999.

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman.*
A. R. SHENOY
M. L. NARULA } *Directors.*

Mumbai, April 28, 1999.

Balance Sheet Abstract and Company's General Business Profile
(As per Schedule VI, Part (iv) of the Companies Act, 1956)

I. Registration No. 002514 State Code 11
Balance sheet Date 31 03 1999

II. Capital raised during the year (Amount in Rupees)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

	Total Liabilities	Total Assets
	43166	43166
Source of Funds	Paid-up Capital	Reserves & Surplus
	36100	6556
	Secured Loans	Unsecured Loans
	Nil	Nil
Application of Funds	Net Fixed Assets	Investments
	Nil	Nil
	Net Current Assets	Misc. Expenditure
	42656	Nil
	Accumulated Losses	
	Nil	

IV. Performance of Company (Amount in Rupees)

Income	Expenditure
4550	4535
Profit before tax	Proft after Tax
15	5
Earning per share in Rs.	Dividend rate %
Nil	Nil

V. Generic Name of Three Principal Products/Services of the Company as per monetary terms Nil

DIRECTORS' REPORT

To The Members of

ACC-NIHON CASTINGS LIMITED

Your Directors have pleasure in presenting the 7th Annual report on the business and operations of your Company together with the Audited Financial Accounts for the year ended 31st March, 1999.

1. **FINANCIAL RESULTS**

	1998-99 Rs. Lakhs	1997-98 Rs. Lakhs
Sale of products and other Income	1816	1665
Fees received from Consultancy Services	—	257
Operating expenditure	1978	2081
Profit/(Loss) before Interest and Depreciation	(162)	(159)
Interest	251	294
Profit/(Loss) before depreciation	(413)	(453)
Depreciation	181	174
Net Profit/(Loss)	(594)	(627)

2. **OPERATIONS**

2.1 Despite continued recessionary trend, there was an improvement in the performance of the Company as compared to previous year, with marginal increase in sales volumes and realisations. Stringent control over costs have resulted in an increase in contribution margin. The Company had taken several steps to expand its customer base and thereby offset the impact of the recessionary trend in the market segments like Cement and Power Sector. These measures are expected to improve our order book position in the coming years.

2.2 **PRODUCTION**
Production for the financial year 1998-99 is 2451 MTs as compared to production of 2775 MTs during 1997-98.

2.3 **SALES**
The total sales of products for the financial year is Rs. 1816 lakhs as compared to Rs. 1665 lakhs in the previous year. As mentioned in our previous year's report the Engineering Division was discontinued from December, 1997. Accordingly, there was no income from Consultancy Services as against an income of Rs. 257 lakhs in the previous year. In terms of volume, we have achieved sales of 2462 MTs as compared to 2317 MTs in the previous year.

2.4 **EXPORTS**
The export turnover for the year is Rs. 8.94 lakhs (F.O.B. Value) as compared to Rs. 55 lakhs of previous year.

3. **NEW PRODUCT DEVELOPMENT**
ANCL has developed 350 new products in the year 1998-99. These have contributed to a production of 450 MTs and have potential to generate orders for several years.

4. **ISSUE OF PREFERENCE SHARES**
During the financial year 1998-99, Company issued and allotted 10% Cumulative Redeemable Preference Shares of Rs. 10 each aggregating to Rs. 600 lakhs for a tenure of five years to the The Associated Cement Companies Limited.

5. **SHAREHOLDING**
In view of acquiring of Nihon Cement Company's shares in ANCL by ACC, ANCL has now become a wholly owned subsidiary of The Associated Cement Companies Limited.

6. **Y2K COMPLIANCE**
Adequate measures have been taken by the Company in order to be Y2K compliant. The cost of Y2K compliance programme is about Rs. 15 lakhs. We will be Y2K compliant by May, 1999. Contingency plans are also being finalised and will be in place by May, 1999.

7. **HUMAN RESOURCES**
The Industrial relations during the year were cordial.

8. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**
As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology and foreign exchange earnings and outgo are set out in the Annexure to the Report.

9. **PARTICULARS OF EMPLOYEES**
The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

10. **DIRECTORS**
Mr. Y. Miyake resigned as a Director of the Company with effect from August 5, 1998. The Board has placed on record its sincere appreciation for the services rendered by Mr. Miyake during his tenure of office.
Mr. N. Yamaura resigned as a Director of the Company with effect from August 5, 1998. The Board has placed on record its sincere appreciation for the services rendered by Mr. Yamaura during his tenure of office.
In accordance with the provisions of the Company's Articles of Association, Mr. M. L. Narula retires by rotation and is eligible for reappointment.

11. **AUDITORS**
The shareholders are requested to appoint Auditors for the financial year 1999-2000.

12. **ACKNOWLEDGEMENT**
The Directors acknowledge with gratitude the co-operation and assistance provided by the Company's Customers, Bankers, Financial Institutions and Government Authorities for their continued and valuable support. The Directors also wish to place on record their appreciation for the dedicated services of all Executives, Staff and Workmen of the Company during the year.

For and on behalf of the Board of Directors,
T. M. M. NAMBIAR
Chairman

Mumbai, April 20, 1999.

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 1999.

A. **Conservation of Energy**
During the year electricity consumption per MT of castings has come down to 2705 units PMT as compared to 2877 units in the previous year and the Company will continue its efforts at conservation of energy in the coming year.

FORM "A"

Form for Disclosure of Particulars with respect to Conservation of Energy

Power and Fuel Consumption

	Current Year	Previous Year
(1) Electricity		
(a) Units purchased KWH	7127352	7486875
Total amount (Rs.)	30485799	29947360
Rate/Unit Rs./KWH	4.28	4.00
(b) Own Generation	Nil	Nil
(2) Light Diesel Oil		
Units purchased (Ltrs.)	145000	131500
Total amount (Rs.)	1274214	1240618
Rate Rs./Ltr.	8.79	9.43
(3) Consumption/Unit of Production		
Product : Steel, Alloy and Cast Iron Castings		
Electricity (Units/MT)	2705	2877
Light Diesel Oil (Ltrs./MT)	55.04	50.47

B. **Technology Absorption**
The technology of manufacturing certain Hichrome Irons, Special Grade of Manganese Steel and Heat Resisting Steels were absorbed.

C. **Foreign Exchange Earnings and Outgo**
Figures for foreign exchange earnings and outgo are furnished in Items 11 and 10 of Notes on Accounts.

For and on behalf of the Board,
T. M. M. NAMBIAR
Chairman

Mumbai, April 20, 1999.

AUDITORS' REPORT

TO THE MEMBERS OF

ACC-NIHON CASTINGS LIMITED

We have audited the attached Balance Sheet of ACC-NIHON CASTINGS LIMITED as at March 31, 1999 and also the Profit and Loss Account of the Company for the year ended March 31, 1999 annexed thereto and report that:-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. Attention is invited to note 2 on the Accounts which states that these accounts have been prepared on a 'going concern' basis which is dependant on the continuing support of the holding Company.
3. Further to our comments in the annexure referred to in paragraph 1 above:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
   c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
   d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a fair view:-
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1999; and
      ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended March 31, 1999.

For A. F. FERGUSON & CO.
Chartered Accountants
B. P. Shroff
Partner

Mumbai, April 20, 1999.

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE MEMBERS OF ACC-NIHON CASTINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 1999.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In accordance with the Company's policy to verify all fixed assets over a period of three years, all additions to the fixed assets have been physically verified by the Management during the year; no material discrepancies were noticed on such physical verification. In our opinion, the frequency of verification is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management, except for stocks lying with third parties in respect of which confirmations have been obtained from them at the year end. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken/granted any loans, secured or unsecured from/to Companies, firms or other parties listed in the register maintained under Section 301 and from/to companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, where the rates of interest or the terms and conditions are *prima facie* prejudicial to the interests of the Company.
8. In respect of loans given to the employees, the company is recovering principal and interest as stipulated.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
10. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
11. As explained to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in respect of such items determined during the year.
12. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
13. The Company's operations do not generate any by-products and the sale of scrap is not significant.
14. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
15. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
16. According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.
17. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth tax, Sales tax, Customs duty and excise duty outstanding as at March 31, 1999 for a period of more than six months from the date on which they became payable.
18. According to the information and explanations given to us, no personal expenses of the employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For A. F. FERGUSON & CO.
Chartered Accountants
B. P. Shroff
Partner

Mumbai, April 20, 1999.

BALANCE SHEET AS AT MARCH 31, 1999

	Schedules	Rs. Lakhs	Previous Year Rs. Lakhs
SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**2,143.24**	*1,543.24*
(b) Reserves and Surplus	2	**30.00**	*30.00*
		2,173.24	*1,573.24*
2. LOAN FUNDS			
(a) Secured loans	3	**1,138.47**	*978.61*
(b) Unsecured loans	4	**1,626.04**	*2,126.05*
		2,764.51	*3,104.66*
TOTAL		**4,937.75**	*4,677.90*
APPLICATION OF FUNDS :			
1. FIXED CAPITAL EXPENDITURE			
(a) FIXED ASSETS	5		
(i) Gross block		**2,914.66**	*2,855.59*
(ii) *Less* : Depreciation		**865.80**	*684.56*
(iii) Net block		**2,048.86**	*2,171.03*
(b) Capital work in progress and capital advances		**16.01**	*4.52*
		2,064.87	*2,175.55*
2. INVESTMENTS	6	**0.15**	*0.15*
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Interest accrued on investments		**0.14**	*0.14*
(b) Inventories	7	**711.57**	*696.80*
(c) Sundry debtors	8	**651.58**	*850.94*
(d) Cash and bank balances	9	**24.99**	*32.13*
(e) Loans and advances	10	**65.66**	*75.72*
		1,453.94	*1,655.73*
4. *LESS* : CURRENT LIABILITIES AND PROVISIONS			
(a) Current liabilities	11	**649.56**	*690.16*
(b) Provisions	12	**17.50**	*9.32*
		667.06	*699.48*
5. NET CURRENT ASSETS		**786.88**	*956.25*
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Product development expenses		**65.51**	*121.20*
Preliminary expenses		**5.67**	*6.80*
Share Issue expenses		**6.66**	*3.32*
Front-end fee		**1.51**	*2.27*
7. PROFIT AND LOSS ACCOUNT		**2,006.50**	*1,412.36*
TOTAL		**4,937.75**	*4,677.90*
8. NOTES ON ACCOUNTS	13		

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner.

Mumbai, April 20, 1999.

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman*
A. R. SHENOY *Managing Director*
Dr. A. K. CHATTERJEE *Director*

Mumbai, April 20, 1999.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1999

	Schedules	Rs. Lakhs	Previous Year Rs. Lakhs
INCOME :			
1. Sales and other income	A	**1,816.62**	*1,922.49*
		1,816.62	*1,922.49*
EXPENDITURE :			
2. Manufacturing and other expenses	B	**1,989.24**	*2,271.73*
3. Reduction/(Accretion) to finished stocks and work in progress added/(deducted)	C	**(11.13)**	*(191.15)*
4. Depreciation		**181.24**	*174.06*
5. Interest	D	**251.41**	*294.47*
TOTAL EXPENDITURE		**2,410.76**	*2,549.11*
(LOSS) FOR THE YEAR		**(594.14)**	*(626.62)*
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		**(1,412.36)**	*(785.74)*
BALANCE CARRIED TO BALANCE SHEET		**(2,006.50)**	*(1,412.36)*
6. NOTES ON ACCOUNTS	13		

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

B. P. SHROFF
Partner.

Mumbai, April 20, 1999.

For and on behalf of the Board,

T. M. M. NAMBIAR *Chairman*
A. R. SHENOY *Managing Director*
Dr. A. K. CHATTERJEE *Director*

Mumbai, April 20, 1999.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE A — SALE AND OTHER INCOME

	Rs. Lakhs	Previous Year Rs. Lakhs
1. Sale of Products	**1,812.89**	1,649.52
2. Fees received from consultancy services	—	256.95
3. Other Income		
a. Bank and other interest (inclusive of tax deducted at source Rs. Nil (*Previous year Rs. 0.39 Lakhs*)	**2.90**	3.80
b. Miscellaneous Income	**0.83**	4.48
c. Excess provisions made in previous year	—	7.74
	1,816.62	1,922.49

SCHEDULE B — MANUFACTURING AND OTHER EXPENSES

		Rs. Lakhs		Previous Year Rs. Lakhs
1. RAW MATERIALS CONSUMED		**389.87**		441.24
2. STORES AND SPARES CONSUMED		**280.21**		368.99
3. CONTRACTS IN PROGRESS		—		20.79
4. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
a. Salaries, wages and dearness allowance	**152.49**		149.86	
b. Contributions to provident and other funds	**17.33**		19.83	
c. Contributions to Gratuity Fund	**5.74**		—	
d. Workmen and staff welfare expenses	**13.22**		12.70	
		188.78		182.39
5. OPERATION AND OTHER EXPENSES				
Purchase of power and fuel	**304.42**		288.28	
Repairs and maintenance - building	**0.90**		2.06	
Repairs and maintenance - plant and machinery	**11.37**		10.65	
Repairs and maintenance - others	**3.88**		12.47	
Rent (including lease rent Rs. 11.43 Lakhs, (*previous year Rs. 11.26 Lakhs*)	**17.23**		23.66	
Rates and taxes	**8.06**		13.36	
Insurance	**6.24**		7.30	
Travelling and conveyance	**31.26**		37.79	
Sub-contract charges	**168.95**		161.89	
Royalty	**30.79**		32.75	
Preliminary/Share issue expenses written off	**2.79**		2.36	
Product development expenses written off	**55.69**		75.69	
Provision for Doubtful Debts	**65.91**		30.63	
Bad debts written off	—		5.41	
Freight and forwarding expenses	**23.81**		48.89	
Technical Know-how Fees	—		114.02	
Other expenses	**63.63**		64.40	
Auditors' remuneration:				
(a) Audit Fees	**0.75**		0.75	
(b) Fees for taxation matters	**0.25**		—	
(c) Fees for other services	—		0.74	
(d) Reimbursement of Expenses	**0.24**		0.36	
Sales Commission	**23.61**		22.31	
Exchange loss	**91.17**		110.26	
		910.95		1,066.03
6. EXCISE DUTIES		**219.43**		192.29
		1,989.24		2,271.73

SCHEDULE C — REDUCTION/(ACCRETION) TO FINISHED STOCKS AND WORK IN PROGRESS ADDED/(DEDUCTED)

	Rs. Lakhs	Previous Year Rs. Lakhs
Stocks as on March 31, 1999		
(i) Work-in-progress	**310.71**	212.90
(ii) Finished Goods	**221.74**	308.42
	532.45	521.32
Less: Stocks as on April 1, 1998		
(i) Work-in-progress	**212.90**	317.03
(ii) Finished Goods	**308.42**	13.14
	521.32	330.17
	***(11.13)**	(191.15)

*Net of write down to net realisable value Rs. 55.86 lakhs (*Previous Year Rs. 45.10 lakhs*)

SCHEDULE D — INTEREST

	Rs. Lakhs	Previous Year Rs. Lakhs
a. Fixed period loans	**200.12**	234.16
b. Others	**51.29**	60.31
	251.41	294.47

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1

SHARE CAPITAL

	Rs. Lakhs	Previous Year Rs. Lakhs
AUTHORISED —		
1,60,00,000 Equity Shares of Rs. 10 each	**1,600.00**	1,600.00
60,00,000 Preference Shares of Rs. 10 each	**600.00**	—
	2,200.00	1,600.00
ISSUED, SUBSCRIBED AND PAID UP —		
1,54,32,384 Equity Shares of Rs. 10 each	**1,543.24**	1,543.24
60,00,000 (Previous Year Nil) 10% Cumulative Redeemable Preference Shares of Rs. 10 each	**600.00**	—
	2,143.24	1,543.24

The Associated Cement Cos., Ltd., the holding company and its nominees hold 1,54,32,384 (*Previous year 84,82,538*) Equity Shares and 60,00,000 (*Previous year Nil*) 10% Cumulative Redeemable Preference Shares. The Preference Shares are redeemable after a period of five years from 10th March 1999.

SCHEDULE 2

RESERVES AND SURPLUS

	Rs. Lakhs	Previous Year Rs. Lakhs
CAPITAL RESERVE		
Special Capital Incentive	**30.00**	30.00
	30.00	30.00

SCHEDULE 3

SECURED LOANS

	Rs. Lakhs	Previous Year Rs. Lakhs
14.75% Secured Non Convertible Debentures (Guaranteed by the holding company and secured by way of first charge on all existing and future fixed assets of the company. The debentures are redeemable at the end of 60 months from 26th March 1999. Further the company has a call option and the Bank has a put option on the debentures at the end of 30 month from 26th March 1999) .	**1,000.00**	—
Rupee Term Loan from Industrial Development Bank of India	—	687.50
Amounts drawn against cash credit accounts with a bank Secured by hypothecation of stocks, stores and book debts	**138.47**	291.11
	1,138.47	978.61

SCHEDULE 4

UNSECURED LOANS

	Rs. Lakhs	Previous Year Rs. Lakhs
Short Term :		
The Associated Cement Companies Ltd.	—	514.00
Long Term:		
The Associated Cement Companies Ltd.	**192.00**	192.00
Nihon Cement Company Ltd.	**21.26**	18.10
Sales tax deferral loan	**303.73**	210.05
Foreign currency loan from Bank	**1,109.05**	1,191.90
	1,626.04	2,126.05

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5
FIXED ASSETS

PARTICULARS	GROSS BLOCK As at March 31, 1998 Rs. Lakhs	Additions during the year Rs. Lakhs	Deduction during theyear Rs. Lakhs	Cost as at March 31, 1999 Rs. Lakhs	DEPRECIATION As at March 31, 1998 Rs. Lakhs	For the year Rs. Lakhs	Deductions during the year Rs. Lakhs	As at March 31, 1999 Rs. Lakhs	NET BLOCK As at March 31, 1999 Rs. Lakhs	*As at March 31, 1998 Rs. Lakhs*
Leasehold Land	50.57	3.18	—	**53.75**	2.41	0.54	—	**2.95**	50.80	*48.16*
Buildings	442.66	0.63	—	**443.29**	52.30	13.61	—	**65.91**	377.38	*390.36*
Plant and Machinery	2,301.44	52.64	—	**2,354.08**	595.85	160.04	—	**755.89**	1,598.19	*1,705.59*
Furniture, fixtures and office equipment	54.79	2.62	—	**57,41**	30.91	6.47	—	**37.38**	20.03	*23.88*
Vehicles	6.13	—	—	**6.13**	3.09	0.58	—	**3,67**	2.46	*3.04*
Total	2,855.59	59.07	—	**2,914.66**	684.56	181.24	—	**865.80**	2,048.86	
Previous Year	*2,759.24*	*96.35*	—	*2,855.59*	*510.50*	*174.06*	—	*684.56*		*2,171.03*

Note: Additions during the year include exchange loss Rs. 7.21 Lakhs *(Previous year exchange loss Rs. 9.97 Lakhs)* **arising out of translation of foreign currency loans.**

SCHEDULE 6

INVESTMENTS (AT COST)	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
NON TRADE INVESTMENTS (Unquoted)		
Government securities		
National savings certificates (pledged with sales tax authorities)	**0.15**	*0.15*
(Long Term Investment)	**0.15**	*0.15*

SCHEDULE 7

INVENTORIES (as certified by the Management)	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
a) Raw material, at cost	**134.10**	*134.49*
b) Stores and spare parts, at cost	**45.02**	*40.99*
c) Finished goods, at lower of cost and net realisable value	**221.74**	*308.42*
d) Work-in-progress, at lower of cost and net realisable value	**310.71**	*212.90*
	711.57	*696.80*

SCHEDULE 8

SUNDRY DEBTORS Unsecured and considered good, except to the extent provided	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
a) Over six months	**314.13**	*353.26*
b) Others	**443.08**	*538.12*
	757.21	*891.38*
Less: Provision for doubtful debts	**105.63**	*40.44*
	651.58	*850.94*

SCHEDULE 9

CASH AND BANK BALANCES	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
1. Cash on hand	**1.59**	*1.08*
2. With scheduled banks:		
On current accounts	**1.22**	*13.76*
On fixed deposit accounts	**22.18**	*17.29*
	24.99	*32.13*

SCHEDULE 10

LOANS AND ADVANCES (Unsecured and considered good)	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
1. Interest accrued but not due	**1.72**	*1.88*
2. Advances receivable in cash or in kind or for value to be received	**12.34**	*23.49*
3. Balances with customs and excise authorities	**15.77**	*12.70*
4. Deposits with government bodies and others	**28.20**	*27.95*
5. Advance payment of taxes	**7.63**	*9.70*
	65.66	*75.72*

SCHEDULE 11

CURRENT LIABILITIES	**Rs. Lakhs**	*Previous Year Rs. Lakhs*
1. Sundry creditors for goods and services (Including Rs. 31.44 lakhs due to Small Scale Industries, *previous year* not ascertained — see Note 8)	**604.72**	*545.21*
2. Advances from customers	**15.22**	*104.80*
3. Security deposits	**4.31**	*5.77*
4. Employees	**5.98**	*2.37*
5. Interest accrued but not due	**19.33**	*32.01*
	649.56	*690.16*

SCHEDULE 12

PROVISIONS	**Rs. Lakhs**	*Previous Year Rs. lakhs*
Provision for Gratuity	**14.79**	*9.32*
Provision for Leave Encashment	**2.71**	—
	17.50	*9.32*

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 13

NOTES ON ACCOUNTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Accounting Convention:
The Financial Statements are prepared under the historical cost convention and on accrual basis.

(b) Sales:
Sales revenue from products are recognised on despatch of goods. Sales are stated net of returns and include excise duty recovered.

(c) Capital Subsidy:
Capital subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

(d) Fixed Assets and Depreciation:
(i) Fixed assets are stated at their original cost of acquisition or construction including taxes, duties, freight and other incidental expenses. The expenditure incurred including interest and financing costs during construction period or the period prior to commencement of commercial production is also capitalised.
(ii) Depreciation on fixed assets is provided on the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a *pro-rata* basis except depreciation on exchange differences on liabilities in respect of fixed assets which is provided on the straight line method over the remaining useful life of the asset.
(iii) Cost of leasehold land is amortised over the period of the lease.

(e) Inventories:
Finished goods and work-in-progress are valued at cost or net realisable value whichever is lower. Raw materials, stores and spares are valued at cost. The costs are determined on a weighted average basis.

(f) Foreign Currency Transactions:
(i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.
(ii) Exchange differences arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed asset, are adjusted in the carrying amount of respective fixed assets.

(g) Miscellaneous expenditure:
(i) Preliminary and share issue expenses are written off over a period of ten years.
(ii) The initial cost of development of selected new products including net cost of abnormal rejections during development stage is deferred to be written off over a period of five years.
(iii) Front end fees in respect of long term borrowings are written off over a period of five years.

2. The operations of the Company have resulted in substantial erosion of net worth. The accounts of the Company have been prepared on a 'going concern' basis in view of the restructuring process initiated by the management and continuing support from the holding company, including increase in paid up capital by Rs. 600 lakhs during the year.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):
Rs. 0.78 Lakhs (*Previous Year Rs. 1.99 Lakhs*).

4. **CONTINGENT LIABILITIES NOT PROVIDED FOR:**
(a) Guarantees given by the Company's bankers, counter guaranteed by the Company, Rs. 136.00 lakhs (*Previous Year Rs. 118.85 Lakhs*).
(b) Bills discounted Rs. Nil (*Previous Year Rs. 26.14 Lakhs*).
(c) The Company has achieved exports of US$ 2.07 Million as against export obligations of US$ 3.73 Million under the Export Promotion Capital Goods Scheme (EPCG) to be achieved by 30th September 2001 as per the revised Exim Policy of Government of India.

5. **MANAGERIAL REMUNERATION**

	Rs. Lakhs	*Previous Year Rs. Lakhs*
Salary	1.80	*2.43*
Contribution to Provident and other funds	—	*0.13*
Perquisites	—	*3.42*
	1.80	*5.98*

6. The following expenditure is included in Capital work in progress;

	Rs. Lakhs	*Previous Year Rs. Lakhs*
Salaries	1.12	—
Interest	0.96	—
Exchange fluctuation	1.01	*0.41*
	3.09	*0.41*

7. Excise duty liability amounting to Rs. 35.48 Lakhs (*Previous year Rs. 43.23 Lakhs*) on manufactured goods lying in factory premises has not been provided and also not included in the valuation of stock in trade. This accounting treatment has no impact on the Profit and Loss Account.

8. The Small Scale Industrial Undertakings to whom the company owes a sum exceeding Rs. 1 Lakh which is outstanding for more than 30 days are as follows:

	Rs. Lakhs	*Previous Year Rs. Lakhs*
1) Ajay Metachem Limited	5.20	*(not ascertained)*
2) Raigad Ashirwad Steels & Industries	2.76	
3) Prakash Ispat Udyog	2.76	
4) Vidarbha Ceramics	1.11	
5) Hindustan Chemicals	15.28	

The credit period for the above SSI Undertakings is 60 days except in the case Hindustan Chemicals where it is 90 days.

9. **ADDITIONAL INFORMATION**

Additional information as applicable in pursuance of the provisions of Part II of Schedule VI of the Companies Act, 1956.

(A) Details of raw material consumed :

	Unit	1998-99 Quantity	1998-99 Rs. Lakhs	*1997-98 Quantity*	*1997-98 Rs. Lakhs*
(i) Scrap	Tonnes	2471.833	276.34	*2668.226*	*307.64*
(ii) Nickel	Tonnes	1.076	2.80	*1.781*	*5.90*
(iii) Ferro Alloys	Tonnes	196.435	95.03	*243.445*	*114.45*
(iv) Others	Tonnes	42.225	15.70	*52.173*	*13.25*
		2711.569	389.87	*2965.625*	*441.24*

(B) Licenced Capacity (Tonnes)

	1999	*1998*
Licenced Capacity (Tonnes)	Not Applicable	*Not Applicable*

SCHEDULES FORMING PART OF THE BALANCE SHEET

(C) Installed capacity, actual production, opening stock and closing stock, turnover.

	Unit	1998-99 Quantity	1998-99 Rs. Lakhs	*1997-98 Quantity*	*1997-98 Rs. Lakhs*
*Installed Capacity	Tonnes	3000.000	—	*3000.000*	—
Opening Stock ...	Tonnes	472.722	308.42	*14.869*	*13.14*
Production	Tonnes	2450.671	—	*2775.150*	—
Sales – Castings .	Tonnes	2462.354	1812.89	*2317.300*	*1649.52*
Closing Stock** .	Tonnes	461.039	221.74	*472.722*	*308.42*

* As certified by the Management and accepted by the Auditors being a technical matter.
** Includes 420.174 tonnes awaiting inspection (*previous year 398.681 tonnes*)

(D) Value of imported and indigenous raw materials and consumables consumed:

	Raw Materials				Consumables			
	1998-99		*1997-98*		1998-99		*1997-98*	
	Rs. Lakhs	%	*Rs. Lakhs*	*%*	Rs. Lakhs	%	*Rs. Lakhs*	*%*
(i) Imported	7.61	1.95	*84.65*	*19.18*	—	—	—	—
(ii) Indigenous	382.26	98.05	*356.59*	*80.82*	280.21	100.00	*368.99*	*100.00*
	389.87	100.00	*441.24*	*100.00*	280.21	100.00	*368.99*	*100.00*

Consumption figures have been arrived at on the basis of opening stock plus purchases less closing stock and include adjustment of excess/shortage ascertained on physical count.

(E) Value of Imports on CIF Basis

	1998-99 Rs. Lakhs	*1997-98 Rs. Lakhs*
Raw Materials	25.08	*66.86*

10. Expenditure in foreign currency : (disclosed on payment basis and net of tax)

	1998-99 Rs. Lakhs	*1997-98 Rs. Lakhs*
(i) Deputation fee	—	*1.42*
(ii) Travelling expenses	—	*2.19*
(iii) Technical Know-how	—	*118.41*
(iv) Royalty	—	*50.00*
(v) Interest	85.06	*76.48*

11. Earnings in foreign exchange:

	1998-99 Rs. Lakhs	*1997-98 Rs. Lakhs*
(i) F.O.B. Value of exports	8.77	*54.67*

12. Estimated future lease rentals payable on Plant & Machinery Rs. 3.22 Lakhs. (*previous year Rs. 14.65 Lakhs*)

13. Unamortised premium in respect of forward foreign exchange contract Rs. 41.98 lakhs (*Previous Year Rs. Nil*).

14. The figures for the previous year have been regrouped wherever necessary.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No.	11-65319
State Code	11
Balance Sheet Date	31st March, 1999

II. Capital Raised During the Year (Amount in Rs. Lakhs)

	Current Year
Public Issue	—
Rights Issue of Preference Shares	600
Private Placement	—
Bonus Issue	—

III. Position of Mobilisation & Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	560481
Total Assets	560481
Source of Funds	
Paid-up Capital	214324
Reserves & Surplus	3000
Secured Loans	113847
Other Unsecured Loans	162604
	493775
Application of Funds	
Net Fixed Assets	206487
Investments	15
Net Current Assets	78688
Miscellaneous Expenditure	7935
Accumulated Losses	200650
	493775

IV. Performance of the Company

Turnover including Other Incomes	181662
Total Expenditure	241076
Profit/(Loss) Before Tax	(59414)
Profit/(Loss) After Tax	(59414)
Earnings Per Share (Rs.)	Nil
Dividend Rate (%)	Nil

V. Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Product	Item Code No.
Part of Machinery	8474.90
Part of Machinery	8431.00
Cast Articles of Alloy Steel	7325.20

DIRECTORS' REPORT

TO THE MEMBERS OF
THE BULK CEMENT CORPORATION (INDIA) LIMITED

1. The Directors hereby present their Seventh Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1999.

2. COMMENCEMENT OF COMMERCIAL OPERATIONS AND FINANCIAL RESULTS
The commercial operation of the project had commenced from 1st February 1999 and the assets of the Company were capitalised as on that date. The total project cost was Rs. 69.06 Crores, which included pre-operative expenses but excluded cost of land.

FINANCIAL RESULTS

		1998-99 (Rs. in Lakhs)	*1997-98 (Rs. in Lakhs)*
Service Charges, Rebate and Other Income		182.52	*N.A.*
Operating Expendiure		42.25	*N.A.*
Profit before depreciation, interest and tax		140.27	*N.A.*
Depreciation	57.03		
Interest	113.84		
		170.87	*N.A.*
Loss for the period		(30.60)	*N.A.*
Balance carried to balance sheet		(30.60)	*N.A.*

3. OPERATIONS
The operations of the Company have stablised, after the initial teething problems and trial runs. Bulk Cement, which initially was difficult to market, has now found a growing market. The order position of the Company is comfortable. The Company has despatched a total of 103,066 tonnes in bulk..

4. Y2K COMPLIANCE
The Financial and Accounting packages of the firm have been certified as Y2K compliant. The instrumentation software is being tested for Y2K compliant, and the certification from the manufacturer is expected shortly. Hardware upgradations are underway.

5. PERSONNEL
During the year under review, industrial relations at the Company's unit continued to be cordial and peaceful.

6. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are mentioned herein below.

FORM "A"

Form for Disclosures of Particulars with respect to Conservation of Energy, Power and Fuel Consumption

	Current Year	*Previous Year*
(1) Electricity		
a) Units Purchased KWH	1,166,628	*N.A.*
Total Amount (Rs.)	4,010,301	*N.A.*
Rate/Unit Rs./KW	3.5	*N.A.*
b) Own Generation	Nil	*N.A.*
(2) Consumption/Unit of Production		
Electricity (Units/MT)	8.32	*N.A.*

The company has not entered into any technology transfer agreement.

Foreign Exchange Earnings And Outgo

Foreign Exchange Earned	NIL
Foreign Exchange Used	NIL

7. PARTICULARS OF EMPLOYEES
The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Sec. 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

8. DIRECTORS
8.1 Mr. K. Ravindran resigned as Director of the Company with effect from January 7, 1999. The Board has placed on record it's sincere appreciation for the services rendered by Mr. K. Ravindran during his tenure of office.
The Associated Cement Companies Limited has nominated Mr. N. H. Italia as Director on the Board of the Company w.e.f. January 7, 1999 in the casual vacancy created by the resignation of Mr. K. Ravindran.
8.2 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, the following Directors retire by rotation and are eligible for reappointment.
1. Mrs. Pratibha Karan
2. Mr. P.K. Sinor
3. Mr. A.K. Jain

9. AUDITORS
M/s. K. S. Aiyar & Co., Mumbai the existing Auditors have under Section 224(1B) of the Companies Act, 1956, furnished the Certificate of their eligibility for their re-appointment. The members are requested to reappoint them as Auditors of the Company for the 1999-2000 at a remuneration to be decided by the Board of Directors.

11. ACKNOWLEDGEMENT
Your Directors take this opportunity to express their grateful appreciation of the excellent assistance and co-operation received from the Department of Industrial Promotion & Policy-Ministry of Industry, Ministry of Railways, Industrial Credit and Investment Corporation of India Limited, Industrial Development Bank of India, Bank of India, Canara Bank and The Associated Cement Companies Limited. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,
BULK CEMENT CORPORATION (INDIA) LIMITED
A. K. JAIN
Director

Mumbai, 27th April, 1999.
Registered Office :
Khetan Bhavan (2nd Floor),
8, Jamshedji Tata Road,
Churchgate.
Mumbai 400 020.

AUDITORS' REPORT

TO THE MEMBERS OF
BULK CEMENT CORPORATION (INDIA) LIMITED

We have audited the attached Balance Sheet of Bulk Cement Corporation (India) Ltd. as at 31st March, 1999 and also the Profit and Loss Account of the Company for the two months period after commencement of commercial operations on 1st February '99, annexed thereto, and report that : —

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
   c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
   d) in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
      1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1999; and
      2. in the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants
Raghuvir M. Aiyar
Partner

Mumbai, 27th April, 1999.

(Annexure to the Auditors' Report)

(Referred to in paragraph 1 of our Report of even date).

1) The Company is a "service company" in terms of the definition contained in the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and therefore the items numbered (iv), (v), (vi), (xiv) & (xvi) of sub-paragraph 4(A) of the said Order are not applicable to it. The Company has not accepted any deposits from the public and hence clause (xiii) of the Order does not apply.
2) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
3) None of the fixed assets have been revalued during the year.
4) The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
5) The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and to the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
6) The Company has not given loans or advances in the nature of loans to any parties.
7) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets.
8) In our opinion, and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
9) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
10) The Company is regular in depositing the Provident Fund dues with the appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
11) No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1999 for a period of more than six months from the date on which they became payable.
12) According to the information and explanations given to us, no personal expenses have been charged to pre-operative expenses or the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
13) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
14) In respect of service activities, in our opinion and according to the information and explanation given to us —
    i) the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its service activities and the system provides for reasonable allocation of the materials and labour consumed to the relative jobs; and
    ii) the Company has a reasonable system of allocating manhours utilised to the relative jobs, commensurate with its size and nature of its business.
    iii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation thereof and of labour to jobs and related system of internal control in the Company is commensurate with the size of the Company and the nature of its service activities.

For K. S. AIYAR & CO.
Chartered Accountants
Raghuvir M. Aiyar
Partner

Mumbai, 27th April, 1999.

BALANCE SHEET AS AT 31ST MARCH, 1999

	Schedule	Rs.	Previous Year Rs.
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	**18,69,00,700**	18,69,00,700
LOAN FUNDS			
Secured loans	2	**43,78,14,566**	40,97,56,432
TOTAL FUNDS		**62,47,15,266**	59,66,57,132
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	3	**69,06,49,605**	20,11,523
Less: Depreciation		**66,19,232**	7,78,185
Net Block		**68,40,30,373**	12,33,338
Capital Work-in-progress	4	**1,91,250**	65,22,83,478
		68,42,21,623	65,35,16,816
CURRENT ASSETS, LOAN & ADVANCES:			
Sundry Debtors	5	**1,25,68,417**	28,91,921
Cash & Bank balances	6	**4,46,523**	17,72,920
Loans & Advances	7	**42,68,317**	32,05,750
		1,72,83,257	78,70,591
LESS: CURRENT LIABILITIES AND PROVISIONS:	8		
Sundry Liabilities		**8,06,48,220**	6,55,54,483
Provisions		**2,27,484**	2,27,484
		8,08,75,704	6,57,81,967
		(6,35,92,447)	(5,79,11,376)
MISCELLANEOUS EXPENDITURE: (To the extent not written off or adjusted)			
Preliminary Expenses		**5,42,379**	5,51,572
Deferred Revenue Expenses		**4,83,449**	5,00,120
Debit Balance in Profit and Loss Account		**30,60,262**	—
TOTAL ASSETS (NET)		**62,47,15,266**	59,66,57,132

Notes on Accounts 9

Per our report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner

Mumbai, 27th April, 1999.

For and on behalf of the Board,

N. H. ITALIA } *Directors*
A. K. JAIN

D. H. BARIA *Company Secretary*

Mumbai, 27th April, 1999.

PROFIT & LOSS ACCOUNT FOR THE TWO MONTHS PERIOD ENDED 31ST MARCH 1999

	Schedules	Rs.	Previous Year Rs.
INCOME			
Bulk Handling Charges, Freight Rebate and Other Income	A	**1,82,52,000**	—
EXPENDITURE			
Operating and Other Expenses	B	**42,25,396**	—
Depreciation		**57,02,967**	—
Interest (on term loans)		**1,13,83,899**	—
		2,13,12,262	—
LOSS FOR THE PERIOD		**(30,60,262)**	—
BALANCE CARRIED TO BALANCE SHEET		**(30,60,262)**	—

Notes on Accounts 9

Per our report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner

Mumbai, 27th April, 1999.

For and on behalf of the Board,

N. H. ITALIA } *Directors*
A. K. JAIN

D. H. BARIA *Company Secretary*

Mumbai, 27th April, 1999.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

		Rs.	Previous Year Rs.
SCHEDULE A			
Bulk Handling Charges		**1,20,00,000**	—
Freight Rebate Accrued		**62,52,000**	—
Other Income		—	—
		1,82,52,000	—
SCHEDULE B			
OPERATING AND ADMINISTRATIVE EXPENSES			
1. Payments to and provisions for employees			
(a) Salaries	**1,00,364**		—
(b) Deputation Charges	**3,57,535**		—
(c) Contribution to Provident & Other Funds	**9,175**		—
		4,67,074	—
2. Purchase of Power		**10,84,573**	—
3. Plant Operating Charges		**3,16,000**	—
4. Rates & Taxes		**3,90,434**	—
5. Insurance		**3,94,957**	—
6. Rent		**66,661**	—
7. Repairs and Maintenance to Plant		**10,41,620**	—
8. Communication		**67,823**	—
9. Travelling & Conveyance		**87,655**	—
10. Auditors Remuneration	**30,000**		—
Expenses	**335**		—
		30,335	
11. Miscellaneous Expenditure written off		**25,864**	—
12. Other Expenses		**2,52,400**	—
		42,25,396	—

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1999

SCHEDULE 1 — SHARE CAPITAL

	Rs.	Previous Year Rs.
AUTHORISED		
2,00,00,000 Equity Shares of Rs. 10 each	**20,00,00,000**	*20,00,00,000*
ISSUED, SUBSCRIBED AND FULLY PAID UP		
1,86,90,070 Equity Shares of Rs. 10 each Fully Paid-up	**18,69,00,700**	*18,69,00,700*
	18,69,00,700	*18,69,00,700*

(The Associated Cement Companies Ltd., the Holding Company, holds 1,24,60,050 shares)

SCHEDULE 2 — SECURED LOANS

	Rs.	Previous Year Rs.
Financial Institutions — (See Note 5)	**37,17,56,432**	*37,17,56,432*
Interest accrued and due	**80,58,134**	—
	37,98,14,566	*37,17,56,432*
Secured by a first charge by way of hypothecation of all the moveable assets, present and future (except book debts), subject to prior charges created and/or to be created in favour of the Company's Bankers on certain moveable assets for securing the borrowings for working capital requirements in the ordinary course of business.		
Bank	**5,80,00,000**	*3,80,00,000*
(Secured by way of hypothecation of stocks and book debts).		
	43,78,14,566	*40,97,56,432*

Note : i. The loans with Financial Institutions are to be further secured by way of a first charge over all the immovable properties of the Company, both present and future.

ii. The loan with the Bank is to be further secured by a second charge on all the immovable assets both present and future.

SCHEDULE 3 — FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1-04-98	Additions during the year	**As at 31-03-99**	**As at 1-04-98**	**For the year**	**Upto 31-3-99**	**As at 31-03-99**	*As at 31-03-98*
	Rs.	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	*Rs.*
Building	4,15,000	2,41,92,365	**2,46,07,365**	**2,77,640**	**1,47,350**	**4,24,990**	**2,41,82,375**	*1,37,360*
Plant & Machinery	—	26,61,89,265	**26,61,89,265**	—	**23,59,024**	**23,59,024**	**26,38,30,241**	—
Roads, Bridges	—	1,93,69,824	**1,93,69,824**	—	**51,033**	**51,033**	**1,93,18,791**	—
Rails and Sidings	—	3,55,55,989	**3,55,55,989**	—	**2,73,002**	**2,73,002**	**3,52,82,987**	—
Wagon & Loco	—	25,79,21,589	**25,79,21,589**	—	**19,80,343**	**19,80,343**	**25,59,41,246**	—
Furniture and Fixtures	2,99,751	8,98,728	**11,98,479**	**2,74,408**	**30,999**	**3,05,407**	**8,93,072**	*25,343*
Office Equipments	8,69,578	—	**8,69,578**	**1,89,779**	**96,834**	**2,86,613**	**5,82,965**	*6,79,799*
Vehicle	4,27,194	2,01,06,292	**2,05,33,486**	**36,358**	**4,07,962**	**4,44,320**	**2,00,89,166**	*3,90,836*
Electrical Installation	—	6,44,04,030	**6,44,04,030**	—	**4,94,500**	**4,94,500**	**6,39,09,530**	—
Total	20,11,523	68,86,38,082	**69,06,49,605**	**7,78,185**	**58,41,047**	**66,19,232**	**68,40,30,373**	*12,33,338*
Previous year	*11,73,004*	*8,38,519*	*20,11,523*	*4,08,444*	*3,69,741*	*7,78,185*	*12,33,338*	
Capital Work in Progress and Unallocated Capital Expenditure						1,91,250	65,22,83,478	

Note:

(1) The terminal is on a leasehold land in possession of the Company. It was sanctioned for the project by the Ministry of Industry, Government of India, vide letter No. DCCI/1-26/91-92 dtd. 27.09.93

(2) Depreciation for the ten months ended 31st January '99 amounting to Rs. 138,080/- in the nature of pre-operative expenses has been transferred to Fixed Assets.

SCHEDULE 4 — WORK-IN-PROGRESS TRANSFERRED TO FIXED ASSETS

	Rs.	Previous Year Rs.
A. Plant & Machinery, Wagons & Vans, Diesel Loco, Bulker Tankers, EOT Crane Site Silos, Work Shed, Rails, Railway Sidings, Buildings and Others Assets	**54,44,92,039**	*52,53,30,398*
B. Advance on Capital Account	**3,36,250**	*96,09,375*
C. Pre-operative Expenditure Incurred during construction period since allocated		
(a) Technical Know-how fees	**70,20,740**	*63,92,664*
(b) Power Supply Materials	**55,22,720**	*55,22,720*
(c) Front Fees & Interest Paid	**14,60,33,298**	*8,80,38,002*
(d) Administrative Overheads :		
upto previous year	**1,73,90,318**	*95,38,660*
Add:		
(i) Salary/P.F/Allowances/and Other benefits	**29,92,819**	*33,60,927*
(ii) Rent, Rates & Taxes	**31,14,970**	*4,14,239*
(iii) Consultancy & Professional Fees	**90,000**	*1,23,400*
(iv) Telephone/Telex/Fax Charges	**1,64,760**	*3,64,908*
(v) Depreciation	**1,38,080**	*3,69,741*
(vi) Travelling Expenses	**3,37,680**	*2,72,757*
(vii) Electricity Charges	**31,55,618**	*48,30,020*
(viii) Printing & Stationery	**54,144**	*63,696*
(ix) Business Promotion	**79,642**	*77,369*
(x) Auditors Remuneration		
Audit Fees	—	*12,000*
Certification Fees	**750**	*7,000*
Expenses Reimbursed	**327**	—
(xii) Other Expenses	**98,68,785**	*8,62,455*
	19,59,64,650	*12,02,50,558*
Bulk handling charges, Freight rebate & Other Trial Run Income	**(3,24,78,745)**	*(29,36,853)*
Trial Operation expenses compensated by the Holding Company, The Associated Cement Companies, Limited (See note 4)	**(1,94,84,862)**	—
Provision for Taxation	—	*30,000*
Total of (C)	**14,40,01,043**	*11,73,43,705*
TOTAL — (A+B+C)	**68,88,29,332**	*65,22,83,478*
Less: Transferred to Fixed Assets Capital Work-in-Progress	**68,86,38,082**	—
	1,91,250	*65,22,83,478*

SCHEDULE 5 — SUNDRY DEBTORS (Unsecured Considered Good)

	Rs.	Previous Year Rs.
Sundry Debtors		
Over six months	—	—
Others	**1,25,68,417**	*28,91,921*
(Due from The Associated Cement Companies Ltd., — The Holding Company)		
	1,25,68,417	*28,91,921*

SCHEDULE 6 — CASH & BANK BALANCES

	Rs.	Previous Year Rs.
Cash on hand	**8,103**	*6,131*
Current Accounts with Schedule Banks	**4,33,420**	*17,61,789*
Fixed Deposit with Schedule Banks	**5,000**	*5,000*
	4,46,523	*17,72,920*

SCHEDULE 7 — LOANS & ADVANCES

(Unsecured Considered Good)

	Rs.	Previous Year Rs.
Deposits	**12,97,520**	*12,35,520*
Advances recoverable in Cash or in kind or for value to be received	**29,70,797**	*19,70,230*
	42,68,317	*32,05,750*

BCC

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1999

SCHEDULE 8 — A CURRENT LIABILITIES

	Rs.	Previous Year Rs.
Sundry Creditors		
Small scale Industries more than Rs. 100000 and exceeding 30 days	**Nil**	*Nil*
Others	**4,90,65,060**	*1,96,65,481*
	4,90,65,060	*1,96,65,481*
(Due to The Associated Cement Companies Ltd. Rs. 29328015/-)		
Other Liabilities	**3,15,83,160**	*4,58,89,002*
	8,06,48,220	*6,55,54,483*
B Provision		
Provision for Taxation	**31,14,824**	*31,14,824*
Less : Advance Tax	**28,87,340**	*28,87,340*
	2,27,484	*2,27,484*

SCHEDULE 9

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31ST, 1999.

1. (i) The Company derives income from services of bulk storage and transportation of cement.
   (ii) With regard to clause 3(ii) of Part II of Schedule VI of the Companies Act, 1956, the Company is of the view that, in respect of activities mentioned in (i) above, the Company is not a "manufacturing" or "trading" company falling under clause (a) and (b) thereof, but it is a company "rendering or supplying services" falling under sub-clause (c) thereof.
   (iii) As the Company is not a "manufacturing" company, Clause 4C of the Schedule VI of the Companies Act, 1956, which requires information ragarding capacities and production in respect of each class of goods manufactured, is not applicable to it.
2. **Significant Accounting Policies:**
   A) Accounting Convention
   These financial statements are prepared on the historical cost convention, on an accrual basis.
   B) Fixed Assets, Expenditure during Construction Period and Depreciation.
   (i) Fixed assets, are stated at cost of acquisition or construction, including attributable interest and financial cost till such assets are put to use.
   (ii) Expenditure during construction period including trial run expenses net of revenue earned and attributable interest and financial cost prior to commencement of commercial operations are capitalised.
   (iii) Depreciation is provided in the accounts on Straight-line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis.
   C) Revenue Recognition
   Revenue arises from service charges for bulk handling of cement and from rebate on freight granted by the Railways. Revenue is recognized based on tonnage of bulk cement despatched from the Wadi works of The Associated Cement Companies Limited to the Company's terminal at Kalamboli. Further as per terms agreed with The Associated Cement Companies, Limited, the Company has been assured of a minimum tonnage of bulk handling per month. Revenue is recognized on such minimum assured tonnage or actual tonnage despatched, whichever is higher.
   D) Preliminary Expenses and Deferred Revenue Expenses
   Preliminary Expenses and Deferred Revenue Expenses are amortized over a period of 120 months and 60 months respectively from the commencement of commercial operations.
   E) Retirement Benefit
   Company's contribution paid during the year to Provident Fund and Group Gratuity (Cash accumulation) Cum Life Assurance Scheme of Life Insurance Corporation of India are charged to Profit and Loss Account.
3. The Company commenced commercial operations on 1st February 1999. The Profit and Loss Account has been prepared for the two months period ending 31st March 1999 and therefore comparative figures are not available for the previous year.
4. Certain trial run expenses amounting to Rs. 194.85 Lakhs has been compensated by the holding Company are credited to pre-operating expenses.
5. Given the time over-run for the implementation of the Project the repayment schedule of the loans started even before the Company commenced its commercial operations. The Company has applied for rescheduling the repayments/restructuring including the extension of moratorium period of loans taken from the Financial Institutions. The new repayment schedule is yet to be decided by them. Accordingly, during the year the Company did not repay instalments aggregating to Rs. 398.31 Lakhs towards principal amount and Rs. 80.58 Lakhs towards interest thereon.
6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is Rs. 7.35 Lakhs (Previous year Rs. 8.30 Lakhs).
7. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with the current years figures.

SIGNATURES TO SCHEDULES "1" TO "9"
For and on behalf of the Board,

Per our Report attached

For K. S. AIYAR & CO.
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Mumbai, 27th April, 1999.

N. H. ITALIA
A. K. JAIN } *Directors*

D. H. BARIA *Company Secretary*

Mumbai, 27th April, 1999.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1) **REGISTRATION DETAILS**

Registration No.	State Code
11-66679	11
Balance Sheet Date	
31-03-1999	

2) **CAPITAL RAISED DURING THE YEAR (Amount in Rs.)**

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

3) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)**

Total Liabilities	*Total Assets*
62,47,15,266	62,47,15,266

Sources of fund

Paid up Capital	Secured Loans
18,69,00,700	43,78,14,566
Reserves & Surplus	Unsecured Loans
Nil	Nil

Applications of funds

Net Fixed Assets	Investments
68,42,21,623	Nil
Net Current Assets	Misc. Expenditure
(6,35,92,447)	10,25,828
Accumulated Losses	
30,60,262	

4) **PERFORMANCE OF COMPANY**

Turnover	Total Expenditure
1,82,52,000	2,13,12,262
Profit/(loss) before tax	Profit/(loss) after tax
(30,60,262)	(30,60,262)
Earnings per share	Dividend
Nil	Nil

5) **GENERAL NAME OF PRINCIPAL SERVICE OF THE COMPANY**

Item Code (ITC Code)	NOT CLASSIFIED
Service Description	Transportation and Distribution of Bulk Cement

DIRECTORS' REPORT

TO THE MEMBERS OF DAMODHAR CEMENT & SLAG LIMITED

The Directors hereby present their Twenty-first Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1999.

2. FINANCIAL RESULTS

	1998-99 Rs. Lac	1997-98 Rs. Lac
Sale of products and other income	7448.73	5266.82
Less : Expenditure other than Depreciation and Interest	6103.76	4905.79
Profit before Depreciation and Interest	1344.97	361.03
Less: Depreciation	175.12	150.94
Interest	147.88	110.18
Profit before Tax, and Prior Period Items	1021.97	99.91
Prior Period Items	—	(5.26)
Profit after Prior Period Items	1021.97	94.65
Provision for taxation:		
(a) Current year	(107.31)	(9.94)
(b) In respect of earlier years	(36.22)	—
Profit after Taxation	878.44	84.71
Balance brought forward from previous year	(2333.31)	(2418.02)
Balance carried forward to the next year's account	(1454.87)	(2333.31)

3.0 OPERATIONS DURING THE YEAR

3.1 Production of Cement during the year was 282972 MT as against 243987 MT during the year 1997-98 which amounted to 77% capacity utilisation on equated basis considering capacity expanded during the year. Production had been commensurate with demand which remained depressed for most part of the year.

3.2 Production of Wet Slag was 88380 MT as against 149904 MT during the year 1997-98. Production of Wet Slag had been lower due to poor capacity utilisation of IISCO, Burnpur with resultant lower generation of slag. The shortfall in Slag requirement was made up by procuring Slag from other Steel Plants. The Production of Dry Slag during the year was 124221 against 97577 MT in the previous year.

3.3 Sale of Cement during the year was 280839.20 MT (including 1071.10 MT of self consumption) as against 242773 MT during the year 1997-98.

3.4 Quality of Cement matched with the highest Standards and Consistency in quality was also maintained.

3.5 Cement Production & Despatch capacity was expanded from 2.70 lac tonnes per annum to 5.25 lac tonnes per annum in November, 1998. Roads inside and outside the plant, and certain infrastructure facilities were also built during the year.

4.0 TURNOVER AND PROFIT

4.1 The Income for the year 1998-99 was Rs.7448.73 lac as compared to Rs. 5266.82 lac during the previous year. The expected rise in demand for cement did not take place resulting in lesser capacity utilisation. However, cement price realisation had increased during the year which had its attendant improved effect on margins.

4.2 The Profit before Prior period items and Tax was Rs. 1021.97 lac as against Rs. 99.91 lac in the previous year. The Profit after Prior period items and Tax was Rs. 878.44 lac as compared to Rs. 84.71 lac in the previous year.

5.0 FUTURE PLANS

5.1 **Environment Management**

Work on Pollution Control Measures at various locations in the plant are in progress and are expected to be completed by end May, 1999.

5.2 **Belt Conveyor**

In view of poor generation of Slag from IISCO, the extension of Ropeway up to the Slag Granulation Plant has been kept in abeyance. For handling of Slag, which is purchased from other Steel Plants, a Belt conveyor is being installed for which work is in progress and is expected to be completed by September, 1999.

5.3 **Mill Modification**

Certain modifications to the Mill internals have been planned for which an agency has already been selected and order placed. The modifications are expected to further increase the output rate.

6.0 PERSONNEL

6.1 The Industrial Relations during the year had been by and large cordial.

6.2 The Company had reached settlements with the recognised Unions for revision and rationalisation of Wage Structure of all employees, including contract employees, and the same had been implemented.

7.0 PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

7.1 As required under Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure-'A' to the Directors' Report.

8.0 PARTICULARS OF EMPLOYEES

8.1 There are no employees drawing salaries in excess of limits prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and hence, no information is furnished thereto.

9.0 Y2K ISSUE

9.1 A detailed study of all computer hardware, software, process control equipment and instruments with respect to Y2K compliance has been done. A team has been constituted with defined responsiblities to draw action plans for becoming Y2K compliant. Most of the hardware and software have been certified by the vendors as Y2K compliant. Few hardware have been found to be Y2K non compliant for which action has been initiated for upgradation. It is hoped that by June 1999 total compliance would be achieved. Estimated cost of compliance is to the tune of Rs. 1.50 lac.

10.0 DIRECTORS

10.1 Mr. G. Ghosal, who was appointed Managing Director of the Company on September 10, 1996, had resigned on July 1, 1998. The Board placed on record its appreciation for the valuable services rendered by Mr. Ghosal during his tenure of office.

10.2 The Board appointed Dr. D. Ghosh as Managing Director of the Company on August 21, 1998 and he was re-elected at the Extra Ordinary General Meeting held on October 6, 1998.

10.3 Mr. A. P. Singh, who was appointed Director of the Company on March 27, 1997, had resigned from the Board with effect from August 21, 1998. The Board placed on record its appreciation for the valuable services rendered by Mr. Singh during his tenure of office.

10.4 The Board appointed Mr. T. N. Tiwari as Director on August 21, 1998 in the casual vacancy caused by the resignation of Mr. Singh and he was re-elected at the Extra Ordinary General Meeting held on October 6, 1998.

10.5 Mr. N. H. Italia, who was appointed Director of the Company on September 30, 1996, had resigned from the Board with effect from August 21, 1998 and the Board appointed Mr. M. L. Gupta as Director on the same day to fill in the vacancy caused. However, Mr. Gupta had resigned from the Board with effect from March 16, 1999 and the Board re-appointed Mr. N. H. Italia as Director on March 24, 1999. The Board placed on record its appreciation for the valuable services rendered by Mr. Gupta during his tenure of office.

10.6 In accordance with the provisions of the Companies Act,1956 and the Company's Articles of Association, the following Directors retire by rotation and being eligible offer themselves for reappointment:

Mr. M.M. Rajoria
Mr. L.K. Narain
Mr. C.M. Bachhawat

11.0 COST AUDIT

11.1 In terms of the requirements of the Companies Act,1956 and Government's directive, the Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants, to conduct Cost Audit of the Company's Cost Records for the financial year 1998-99.

12.0 AUDITORS AND AUDITORS' REPORT

12.1 The Company's Auditors, M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

12.2 With reference to the qualificatory remarks in the Auditors' Report, these have been appropriately dealt with in the relevant Notes to the Accounts which are self explanatory.

13.0 ACKNOWLEDGEMENT

13.1 The Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the Board for Industrial and Financial Reconstruction, Central Government, Government of West Bengal, West Bengal Industrial Development Corporation Limited, IISCO, Banks and Financial Institutions. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

M. M. RAJORIA
CHAIRMAN

Mumbai, April 27, 1999.

ANNEXURE 'A' TO DIRECTORS' REPORT

Statement Pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

— Conversion of Grinding Media from Hyper Steel to Hi-chrome.

(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption:

— Modification of Mill internals for higher output.

(c) The impact of the measures at (a) to (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

— Savings in energy consumption and consequent reduction on the cost of production.

(d) Total energy consumption and energy consumption per unit of production as per Form A.

FORM A

Power and Fuel Consumption

	Current Year			Previous year		
	Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)	Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)
1. Electricity						
(a) Purchased	17255	523.83	3.04*	14543	352.05	2.42
(b) Own Generation through Diesel Generator	32	3.48	10.87	43	3.24	7.53

*Contract demand was raised to 5 MVA from 3 MVA w.e.f. 01 April, 1998. However, the enhanced capacity was utilised only from November, 1998 after expansion of capacity.

	Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)	Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)
2. Coal for Slag Drier	2.69	32.41	1205	2.08	33.68	1619
	Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. (per Litre)	Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. (per Litre)
3. Diesel Oil	170.89	17.21	10.07	103.60	8.67	8.37

Consumption per Unit of Production

	Current Year	Previous Year
(a) Electricity KWH/T Cement	61	60
(b) Coal/T. of Dried Slag (M.T.)	0.02	0.02

(B) TECHNOLOGY ABSORPTION

— There was no Research and Development (R&D) activity nor any absorption, adaptation and innovation in technology carried out by the Company.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

— There was no Foreign Exchange earnings or usage by the Company during the year.

For and on behalf of the Board,

M. M. RAJORIA
CHAIRMAN

Mumbai, April 27, 1999.

AUDITORS' REPORT

TO
THE MEMBERS,
DAMODHAR CEMENT & SLAG LIMITED

1. We report that we have audited the Balance Sheet of Damodhar Cement & Slag Limited as at 31st March,1999 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to the report.

2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto, give in the prescribed manner, subject to Note (b) on Schedule 12 regarding non-availability of particulars in respect of indebtedness to certain parties, the information required by the Companies Act, 1956 and also give respectively, subject to Note 5 on Schedule 18 regarding non-provision of certain tax liability to the extent indicated therein with corresponding effect on the year end net worth and the year's results, a true and fair view of the state of the Company's affairs as at 31st March,1999 and its results for the year ended on that date.

3. Except as stated in Note(b) on Schedule 12 referred to in paragraph 2 above we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of those books and the above mentioned accounts are in agreement therewith. In our opinion, these accounts have been prepared in compliance of the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

4. Attention is drawn to Note 6 on Schedule 18 with regard to Year 2000 compliance. It may be noted in this connection that the audit is not intended, designed nor performed to identify or detect problems that may result from computer hardware, software or other automated processes inability to properly process data which include issues, internal and/or external, related to year 2000. In the opinion of the management, the problem of Year 2000 will not vitiate the assumption of going concern in view of the plans to make the Company Year 2000 compliant as drawn up by the management. However, we have no responsibility with regard to the Company's efforts to make its systems, internal and/or external, capable of properly processing dates including the Year 2000 or provide assurance on whether the Company has addressed or will be able to address all of the affected systems on a timely basis. These are responsibilities of the Company's management.

5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we further report that :

5.1 The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, a physical verification was carried out during the year by the management and no material discrepancies were noticed on such verification.

5.2 The Fixed Assets of the Company have not been revalued during the year.

5.3 The stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations have been physically verified by the management during the year.

5.4 In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

5.5 The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.

5.6 In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the earlier years.

5.7 The Company has not taken any loans, secured or unsecured from companies, firms, and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or from any company under the same management as defined under Section 370(1B) of the Companies Act, 1956.

5.8 The Company has not granted any loans, secured or unsecured to companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act,1956 or to any company under the same management as defined under Section 370(1B) of the Companies Act,1956.

5.9 The parties (employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest wherever applicable.

5.10 In our opinion, the internal control procedures are generally commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for sale of goods.

5.11 In case of purchase of goods and materials aggregating Rs.2173 lac from a party and sale of goods and materials aggregating Rs.7272 lac to the same party, made during the year in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act,1956, comparison for ascertaining reasonableness of the prices at which such transactions have been made was not possible since, as informed to us, there are no comparable market price/transactions for similar items, in the absence of alternative supplier/customer. There was no sale of service during the year in pursuance of contracts for arrangements entered in the Register maintained under Section 301 of the Companies Act,1956

5.12 The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation, and on the aforesaid basis, in our opinion, adequate amounts have been written off in these accounts.

5.13 The Company has not accepted any deposits from the public.

5.14 In our opinion, reasonable records have been maintained by the company for sale and disposal of scrap where applicable and significant. The Company has no by-product.

5.15 In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.

5.16 On the basis of the records produced, we are of the opinion that, *prima facie*, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act,1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

5.17 The Company has regularly deposited, during the year, Provident Fund dues with the appropriate authorities. As informed to us by the Management, the Employees State Insurance Act,1948 is not applicable to the Company.

5.18 As at March 31,1999 there were no amounts outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.

5.19 During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of any such case by the management other than those payable under contractual obligations or in accordance with generally accepted business practice.

5.20 As indicated in Note 2 on Schedule 18, the Company with a positive net worth since 31st March,1997, is not a Sick Industrial Company within the meaning of Clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Calcutta, April 27, 1999

BALANCE SHEET AS AT MARCH 31, 1999

	Schedules	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
I. SOURCES OF FUNDS:				
1. SHARE HOLDERS' FUNDS :				
(a) Share Capital	1	2756.67		2756.67
(b) Reserve & Surplus	2	494.44		550.22
			3251.11	3306.89
2. LOAN FUNDS :				
(a) Secured Loans	3	1544.97		677.40
(b) Unsecured Loans	4	1114.86		964.86
			2659.83	1642.26
3. TOTAL FUNDS			5910.94	4949.15
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS :	5			
(a) Gross Block		5549.82		4245.23
(b) Less: Depreciation		1850.70		1619.98
(c) Net Block		3699.12		2625.25
(d) Capital Work in Progress		344.82		733.77
(e) Incidental Expenditure during the Construction Period Pending Allocation	6	50.21		56.19
			4094.15	3415.21
2. CURRENT ASSETS, LOANS & ADVANCES				
(a) Inventories	7	1108.44		920.23
(b) Sundry Debtors	8	5.50		52.42
(c) Cash & Bank Balances	9	40.59		7.93
(d) Other Current Assets	10	0.13		0.13
(e) Loans & Advances	11	206.45		293.11
		1361.11		1273.82
3. Less: CURRENT LIABILITIES & PROVISIONS				
(a) Liabilities	12	887.20		2035.33
(b) Provisions	13	111.99		37.86
		999.19		2073.19
4. NET CURRENT ASSETS			361.92	(799.37)
5. PROFIT & LOSS ACCOUNT			1454.87	2333.31
6. TOTAL			5910.94	4949.15
7. NOTES ON ACCOUNTS	18			

Schedules 1 to 13 and schedule 18 referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred
to in our report of even date.

For and on behalf of the Board,

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

M. M. RAJORIA
Chairman

Dr. D. GHOSH
Managing Director

M. BALAJI
Company Secretary &
Finance Manager

N. H. ITALIA
Director

Calcutta, April 27, 1999.

Mumbai, April 26, 1999.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1999

	Schedules	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
INCOME:				
1. SALE OF PRODUCTS AND OTHER INCOME	14		7448.73	5266.82
EXPENDITURE:				
2. MANUFACTURING & OTHER EXPENSES	15		6103.76	4905.79
3. INTEREST	16		147.88	110.18
4. DEPRECIATION		230.90		206.72
5. LESS : TRANSFERRED FROM CAPITAL RESERVE (Note 3 on Schedule 18)		55.78		55.78
			175.12	150.94
			6426.76	5166.91
PROFIT BEFORE TAXATION, AND PRIOR PERIOD ITEMS			1021.97	99.91
6. PRIOR PERIOD ITEMS	17		—	(5.26)
PROFIT BEFORE TAXATION			1021.97	94.65
7. PROVISION FOR TAXATION				
(a) For current year			(107.31)	9.94
(b) For earlier year			(36.22)	—
PROFIT AFTER TAXATION			878.44	84.71
8. LOSS BROUGHT FORWARD FROM PREVIOUS YEARS			(2333.31)	(2418.02)
BALANCE CARRIED TO BALANCE SHEET			(1454.87)	(2333.31)
9. NOTES ON ACCOUNTS	18			

Schedules 14 to 17 and schedule 18 referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred
to in our report of even date.

For and on behalf of the Board,

(P. LAW)
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

M. M. RAJORIA
Chairman

Dr. D. GHOSH
Managing Director

M. BALAJI
Company Secretary &
Finance Manager

N. H. ITALIA
Director

Calcutta, April 27, 1999.

Mumbai, April 26, 1999.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1 SHARE CAPITAL

	Rs. Lac	*Previous Year Rs. Lac*
1. AUTHORISED -		
1,46,59,400 Equity Shares of Rs. 4.50 each and 2,34,03,270 Equity Shares of Rs. 10 each	3000.00	*3000.00*
2. ISSUED, SUBSCRIBED & PAID UP		
1,46,59,400 Equity Shares of Rs. 4.50 each fully paid up	659.67	*659.67*
2,09,70,000 Equity Shares of Rs. 10 Each fully paid up	2097.00	*2097.00*
TOTAL...	2756.67	*2756.67*

Note : Of the above :
1,31,93,453 Equity shares of Rs. 4.50 each fully paid up and 2,09,70,000 Equity Shares of Rs. 10 each fully paid up are held by The Associated Cement Companies Limited, the Holding Company.

SCHEDULE - 2 RESERVES & SURPLUS

	Balance as at March 31, 1998 Rs. Lac	Additions Rs. Lac	Deductions/ Adjustment Rs. Lac	Balance as at March 31, 1999 Rs. Lac
CAPITAL RESERVE				
(i) Capital Subsidy	15.00	—	—	15.00
(ii) Others	535.22	—	55.78*	479.44
TOTAL...	550.22	—	55.78	494.44

*Refer Note 3 on Schedule 18.

SCHEDULE - 3 SECURED LOANS

	Rs. Lac	*Previous Year Rs. Lac*
1. TERM LOANS FROM FINANCIAL INSTITUTIONS .... (Secured by a joint equitable mortgage on immovable properties and hypothecation of movable assets subject to specific charge in favour of Bankers).	1130.00	—
2. CASH CREDIT FROM BANKS .... (Secured by hypothecation of stocks and book debts, both present and future, ranking *pari passu* inter se).	414.97	*677.40*
TOTAL...	1544.97	*677.40*

SCHEDULE - 4 UNSECURED LOANS

	Rs. Lac	*Previous Year Rs. Lac*
TERM LOANS :		
(a) Sales tax deferral under West Bengal Incentive Scheme, 1989	581.86	*581.86*
(b) Interest free loan from West Bengal Industrial Development Corporation Limited	233.00	*233.00*
(c) Medium Term Loan from West Bengal Industrial Development Corporation Limited	300.00	—
(d) Short Term Loan from West Bengal Industrial Development Corporation Limited (repayable within one year)	—	*150.00*
TOTAL...	1114.86	*964.86*

SCHEDULE - 5 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March, 1998	Additions during the year	Sales/ Adjustments during the year	As at 31st March, 1999	As at 31st March, 1998	For the Year	On Sales/ Adjustments during the year	As at 31st March, 1999	As at 31st March, 1999	*As at 31st March, 1998*
	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	*Rs. Lac*
1. Land:										
a. Freehold	*11.26	—	—	11.26	—	—	—	—	11.26	*11.26*
b. Leasehold	99.44	—	—	99.44	75.73	9.95	—	85.68	13.76	*23.71*
2. Buildings on :										
a. Freehold Land	1308.08	407.25	—	1715.33	278.32	41.58	—	319.90	1395.43	*1029.76*
b. Leasehold Land	8.75	—	—	8.75	1.42	0.14	—	1.56	7.19	*7.33*
3. Plant and Machinery	1805.34	642.92	—	2448.26	765.50	107.57	—	873.07	1575.19	*1039.84*
4. Railway Siding	436.67	—	—	436.67	164.85	20.75	—	185.60	251.07	*271.82*
5. Aerial Ropeway	214.12	—	—	214.12	181.63	24.22	—	205.85	8.27	*32.49*
6. Electrical Installation	297.00	245.30	—	542.30	115.24	22.02	—	137.26	405.04	*181.76*
7. Vehicles	14.25	—	—	14.25	6.48	0.99	—	7.47	6.78	*7.77*
8. Office Equipment	30.25	5.59	(0.59)	35.25	15.10	2.66	(0.18)	17.58	17.67	*15.15*
9. Furniture and Fixture	20.07	4.12	—	24.19	15.71	1.02	—	16.73	7.46	*4.36*
TOTAL	4245.23	1305.18	(0.59)	5549.82	1619.98	230.90	(0.18)	1850.70	3699.12	*2625.25*
Previous year	*4233.38*	*11.85*	—	*4245.23*	*1413.26*	*206.72*	—	*1619.98*	*2625.25*	*2820.12*
10. Capital Work-in-Progress (including in transit Nil *previous year Rs.88.83 lac*)									344.82	*733.77*

*Includes Rs.3.57 lac which is yet to be registered in the name of the Company.

SCHEDULE - 6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION

	Rs. Lac	*Previous Year Rs. Lac*
i. As per last Account	56.19	—
ii. Engineering, Design and Consultancy	22.86	*23.39*
iii. Professional Charges	29.63	*31.24*
iv. Salary and Wages	5.54	—
v. Travelling Expenses	0.24	—
vi. Electricity Charges	3.62	—
vii. Interest and Upfront fees on term loan	81.58	—
viii. Miscellaneous Expenses	1.29	*1.56*
	200.95	*56.19*
Less: Capitalised	150.74	—
TOTAL...	50.21	*56.19*

SCHEDULE - 7 INVENTORIES

	Rs. Lac	*Previous Year Rs. Lac*
1. RAW MATERIALS (Including in transit Rs. 240.78 Lac — *Previous year — Rs. 81.04 Lac*) — at Cost	648.60	*424.24*
2. SEMI-FINISHED GOODS — (at Lower of Cost and net realisable value)	206.05	*261.90*
3. FINISHED GOODS — (at Lower of Cost and net realisable value)	71.62	*37.06*
4. COAL-at Cost	3.45	*1.05*
5. PACKING MATERIALS-at Cost	7.25	*2.08*
6. STORES AND SPARES (Including in transit Rs. 7.39 Lac—*Previous year — Rs. 0.87 Lac*) — at Cost	170.68	*192.77*
7. TOOLS AND TACKLES	0.79	*1.13*
TOTAL...	1108.44	*920.23*

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8 SUNDRY DEBTORS

	Rs. Lac	Previous Year Rs. Lac
UNSECURED		
(a) Over six months		
(i) Considered Good	5.50	52.42
(ii) Considered Doubtful	78.30	85.38
	83.80	137.80
(b) Less: Provision for Doubtful Debts	78.30	85.38
TOTAL...	5.50	52.42

SCHEDULE - 9 CASH AND BANK BALANCES

	Rs. Lac	Previous Year Rs. Lac
1. CASH ON HAND	3.24	5.97
2. WITH SCHEDULED BANKS On Current Account	37.35	1.96
TOTAL...	40.59	7.93

SCHEDULE - 10 OTHER CURRENT ASSETS

	Rs. Lac	Previous Year Rs. Lac
UNSECURED, CONSIDERED GOOD		
Interest Accrued on deposit/advances	0.13	0.13
TOTAL...	0.13	0.13

SCHEDULE - 11 LOANS AND ADVANCES

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED			
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
(a) Considered Good	107.01		172.27
(b) Considered Doubtful	55.80		62.54
	162.81		234.81
(c) Less : Provision for Doubtful Advances	55.80		62.54
		107.01	172.27
2. SECURITY AND OTHER DEPOSITS			
(a) Considered Good	15.52		1.65
(b) Considered Doubtful	6.85		6.85
	22.37		8.50
(c) Less : Provisions for doubtful deposits	6.85		6.85
		15.52	1.65
3. ADVANCE PAYMENT OF TAX		—	32.03
4. BALANCE WITH EXCISE AUTHORITIES		83.92	87.16
TOTAL...		206.45	293.11

SCHEDULE - 12 CURRENT LIABILITIES

	Rs. Lac	Previous Year Rs. Lac
1. SUNDRY CREDITORS — Note (a)	625.38	1600.62
2. ADVANCE FROM CUSTOMERS & OTHERS	36.87	41.67
3. SECURITY DEPOSITS	46.58	56.75
4. DUES TO EMPLOYEES	35.26	64.86
5. OTHER LIABILITIES — Note (a)	131.15	271.43
6. INTEREST ACCRUED BUT NOT DUE	11.96	—
TOTAL...	887.20	2035.33

Notes :

a) Includes Rs. 201.27 lac (*previous year Rs. 962.81 lac*) due to The Associated Cement Companies Limited, The Holding Company.

b) In the absence of ready availability of information relating to transactions with Small Scale Industrial Undertakings, if any, particulars of indebtedness to such undertakings any could not be furnished.

SCHEDULE - 13 PROVISIONS

	Rs. Lac	Previous Year Rs. Lac
1. PROVISIONS		
(a) Taxation	107.31	33.79
(b) Leave Encashment	4.68	4.07
TOTAL...	111.99	37.86

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 14 SALE OF PRODUCTS AND OTHER INCOME

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. SALE OF PRODUCTS (See note 12(A) of Schedule 18)		7271.62	5129.62
2. INTEREST (Gross) [Tax Deducted at Source — Nil (*Previous year — Nil*)]		16.42	0.13
3. MISCELLANEOUS INCOME		6.26	5.42
4. LIABILITIES/PROVISIONS NO LONGER REQUIRED WRITTEN BACK			
(a) Salary	94.24		6.98
(b) Gratuity	41.94		—
(c) Raw Materials	—		62.17
(d) Packing Material	4.23		—
(e) Electricity Duty & Surcharge	—		62.50
(f) Doubtful Debts/Advances	13.82		—
(g) Miscellaneous Expenditure	0.20		—
		154.43	131.65
TOTAL...		7448.73	5266.82

SCHEDULE - 15 MANUFACTURING AND OTHER EXPENSES

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS CONSUMED			
(a) Opening Stock	424.24		354.23
(b) Add : Purchases (including handling charges)	3768.21		2938.33
	4192.45		3292.56
(c) Less : Closing Stock	648.60		424.24
		3543.85	2868.32
2. PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages & Bonus	380.01		281.45
(b) Contributions to Provident and Other Funds	37.61		26.02
(c) Staff Welfare Expenses	13.70		15.10
		431.32	322.57
3. PACKING MATERIALS CONSUMED		223.10	216.86
4. OPERATION AND OTHER EXPENSES			
(a) Stores and Spares consumed	77.06		54.12
(b) Power and Fuel	562.79		403.94
(c) Rent	2.63		1.16
(d) Excise Duty	982.94		849.70
(e) Rates and Taxes	1.66		2.92
(f) Insurance	14.06		13.65
(g) Repairs To:			
(i) Plant and Machinery	77.84		79.32
(ii) Buildings	4.07		9.86
(iii) Others	34.80		40.86
(h) Other Production Expenses	66.71		47.80
(i) Tools and Tackles written off	0.76		0.63
(j) Travelling Expenses	10.45		12.41
(k) Motor Car Expenses	0.75		2.18
(l) Directors' Fees	0.01		0.01
(m) Telephone, Telex, Telegram and Postage	7.34		5.37
(n) Printing and Stationery	2.72		3.86
(o) Bad Debts/Advances written off	7.54		0.36
(p) Sales Tax	1.40		—
(q) Provisions for Doubtful Debts/Advances/Deposits	—		31.69
(r) Miscellaneous Expenses	51.19		52.21
		1906.72	1612.05
5. Loss on sale of Fixed Assets		0.25	—
6. (INCREASE)/DECREASE IN STOCKS			
(a) Opening Stock:			
(i) Semi-Finished Goods	261.90		185.43
(ii) Finished Goods	37.06		17.14
	298.96		202.57
(b) Closing Stocks:			
(i) Semi-Finished Goods	206.05		261.90
(ii) Finished Goods	71.62		37.06
	277.67		298.96
		21.29	(96.39)
7. ADJUSTMENT FOR OWN CONSUMPTION OF CEMENT ON ACCOUNT OF CAPITAL JOBS, REPAIRS, ETC.		(22.77)	(17.62)
TOTAL...		6103.76	4905.79

SCHEDULE - 16 INTEREST

		Rs. Lac	*Previous Year Rs. Lac*
1.	Term Loans	59.23	*45.57*
2.	Cash Credit from Banks	88.65	*64.61*
	TOTAL...	147.88	*110.18*

SCHEDULE - 17 PRIOR PERIOD ITEMS — (DEBIT)/CREDIT

		Rs. Lac	*Previous Year Rs. Lac*
1.	Raw Materials	—	*(0.11)*
2.	Salaries and Wages	—	*(0.20)*
3.	Repairs and Maintenance	—	*(0.01)*
4.	Other Expenses	—	*(3.86)*
5.	Interest	—	*(1.08)*
	TOTAL...	—	*(5.26)*

SCHEDULE - 18 NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Sales

Sales are accounted on despatch of products.

B. Excise Duty

Excise Duties recovered are included in the sale of products. Excise Duty paid on despatches are shown separately as an item of Manufacturing and Other Expenses. Excise Duty liability on manufactured goods lying in factory premises is not provided for and also not included in the valuation of Finished Goods.

C. MODVAT

Modvat is accounted for on "Exclusive Method" based on the Guidance Note on accounting treatment on MODVAT issued by the Institute of Chartered Accountants of India.

D. Accounting of Claims and Subsidies

i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.

iii) Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from the cost of the relevant fixed asset.

iv) Investment Subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

E. Retirement Benefits

i) Contribution towards Provident Fund is made on monthly basis to the appropriate Government Authority. Contribution towards Gratuity Fund is made to The Life Insurance Corporation of India under Group Gratuity Scheme on yearly basis, based on actuarial valuation. Contribution to Officers' Superannuation Fund is also made to The Life Insurance Corporation of India.

ii) Liability for Leave encashment is provided annually based on actuarial valuation.

F. Fixed Assets

i) Fixed assets are stated at cost of acquisition or construction including interest and financial costs on specific loans till such assets are put to use - less specific grants/subsidies received.

ii) Depreciation is provided on the straight line method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

iii) Cost of leasehold land is amortised over the period of 10 years from the date of commercial production irrespective of the period of the lease.

G. Expenditure During Construction Period

In case of new projects and substantial expansion of existing factory, expenditure incurred, along with the financing costs prior to commencement of commercial production is capitalised.

H. Inventories

i) Finished goods and semi-finished goods are valued at cost or net realisable value whichever is lower.

ii) Raw materials, coal, packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis.

iii) Tools and tackles are written off over a period of three years.

I. Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Upon reference made by the Company, the Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated April 27,1994 declared the Company as a Sick Industrial Company. BIFR, vide its Order dated August 16,1996 sanctioned the Scheme of Revival/Rehabilitation, the implementation of which is in progress. As a result of availing some of the reliefs/concessions granted in the said Scheme during the Financial year 1996-97 the net worth of the Company had become positive since the end of that year (i.e. 31st March,1997) and, accordingly, it ceased to be a Sick Industrial Company within the meaning of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act,1985. However, the Company has not yet been de-registered with the BIFR.

3. Interest liability in respect of Loans from Financial Institutions had been waived during the financial year 1996-97 pursuant to the Revival/Rehabilitation Scheme sanctioned by BIFR in August, 1996.This included a sum of Rs. 646.78 lac representing interest capitalised in earlier years which was transferred to Capital Reserve (Others) during the aforesaid financial year. As in the previous years, depreciation on the said amount has been transferred from Capital Reserve to Profit & Loss Account over the remaining life of the respective assets which for the current year worked out to Rs.55.78 lac.

4. Excise duty on finished goods has been accounted on clearance thereof from the factory premises and accordingly, estimated Excise Duty liability Rs. 15.57 lac on finished goods lying in the factory premises at the year end has not been provided for in these accounts. This accounting treatment, however, has no impact on the profit for the year.

5. In terms of the Revival/Rehabilitation Scheme approved by the BIFR in August,1996, no Income Tax is applicable on the interest waived by the Financial Institutions. However, consequent upon availing of certain reliefs and concessions (waiver of the aforesaid interest liability in particular) as indicated in note 2 above, the net worth of the Company had become positive and it had resulted in a book profit for the financial year 1996-97, whereby the question had arisen whether the provisions of Section 115 JA of the Income Tax Act, 1961, pertaining to the Minimum Alternate Tax (MAT) had become applicable. At the time of drafting of Revival/Rehabilitation Scheme, the provision of Section 115 JA of the Income Tax Act,1961, as amended to date, were not on the statute and the rehabilitation package never envisaged a situation where the Company would be forced to pay tax on the credit arising mainly due to waiver of interest. The Company has approached, during the financial year 1997-98, BIFR to revise the Rehabilitation Scheme and for recommending the waiver of applicability of the provisions of Section 115 JA to the Company for the Assessment Year 1997-98 so that the revival of the Company does not get affected adversely. Pending receipt of the communication from BIFR in this regard, the Company has not provided for any liability for MAT pertaining to the financial year 1996-97. Had the aforesaid liability for MAT been provided, the year end accumulated losses carried forward in the Balance Sheet would have been higher by Rs.242 lac with corresponding unfavourable effect on the year's result.

6. The Company has in place a Year 2000 Project Team with representatives from business functions. Most of the hardware and software in use in the Company has been determined to be Year 2000 compliant and steps have been taken to upgrade/update remaining equipment/systems within mid 1999. Initiatives have also been taken by the Company to evaluate the system operating with its business associates, vendors and customers, with a view to ensuring that the business continuity plans take account of the Year 2000 problems.

7. Managing Director's Remuneration (included in Schedule - 15)

	For the year ended March 31, 1999 Rs. Lac	*For the year ended March 31, 1998 Rs. Lac*
Salaries	2.89	*3.20*
Other Benefits	0.71	*1.13*
TOTAL .	3.60	*4.33*

8. Stores consumption included under other heads of account is as follows :—

		For the year ended March 31, 1999 Rs. Lac	*For the year ended March 31, 1998 Rs. Lac*
(i)	Repairs to —		
	(a) Plant and Machinery	67.21	*69.32*
	(b) Building	1.08	*2.41*
	(c) Others	6.52	*10.70*
(ii)	Power and Fuel	1.87	*1.64*
(iii)	Motor Car Expenses	—	*0.73*
	TOTAL...	76.68	*84.80*

9. Contingent liabilities not provided for :—

		For the year ended March 31, 1999 Rs. Lac	*For the year ended March 31, 1998 Rs. Lac*
(i)	Claims against the Company not acknowledged as debts	76.02	*278.03*
(ii)	Income Tax matters contested in appeals	—	*11.35*
(iii)	Sales Tax matters contested in appeals	—	*206.06*

10. Estimated amounts of contracts remaining to be executed on capital accounts not provided for (net of advances) Rs. 212.63 lac — (*Previous year — Rs. 525.84 lac*)

11. Miscellaneous expenses include amounts paid/payable to :-

		For the year ended March 31, 1999 Rs. Lac	*For the year ended March 31, 1998 Rs. Lac*
(a)	Statutory Auditors:		
	(i) Audit fees	1.00	*0.65*
	(ii) Tax Audit fees (including for earlier years Rs. Nil, *Previous year Rs. 0.20 lac*)	0.30	*0.40*
	(iii) Other Services	0.05	*—*
	(iv) Reimbursement of Expenses	0.15	*0.12*
		1.50	*1.17*
(b)	Cost Audit:		
	(i) Audit Fees	0.10	*0.10*
	(ii) Reimbursement of Expenses	0.03	*0.03*
		0.13	*0.13*
	TOTAL .	1.63	*1.30*

12. *Information pursuant to provisions of paragraphs 3, 4C and 4D of Schedule VI to the Companies Act, 1956*

(A) Sales

	Unit	1998-99 Quantity	1998-99 Rs. Lac	*1997-98 Quantity*	*1997-98 Rs. Lac*
Cement	Tonnes	**279768	*7271.62	***241932*	**5129.62*
* Includes Excise Duty			979.12		*846.77*

** Excluding own consumption of cement of 1071 Tonnes valued at Rs. 22.77 lac (*Previous year - 841 tonnes valued at Rs. 17.62 lac*) for Capital jobs, repairs etc.

(B) Details of raw materials consumed

		Unit	1998-99 Quantity	1998-99 Rs. Lac	*1997-98 Quantity*	*1997-98 Rs. Lac*
(i)	Clinker	Tonnes	140086	3002.96	*133505*	*2417.79*
(ii)	Gypsum	"	10378	138.03	*9411*	*148.56*
(iii)	Slag	"	134612	402.86	*166767*	*301.97*
				3543.85		*2868.32*

(C) Particulars in respect of Licensed and Installed Capacities, production etc.

	Unit	Licensed Capacity per annum	Installed Capacity per annum as at 31st March as certified by the management 1999	1998	Actual Production 1998-99	1997-98
Cement	Tonnes	Does not come under the purview of Licensing provisions of Industries (Development & Regulation) Act, 1951	*525000	270000	282972	243987

*Capacity expanded in November, 1998.

(D) Particulars in respect of Opening and Closing Stocks of Finished Goods

	Unit	Opening Stocks as at April 1, 1998 Quantity	Rs. Lac	April 1, 1997 Quantity	Rs. Lac	Closing Stocks as at March 31, 1999 Quantity	Rs. Lac	March 31, 1998 Quantity	Rs. Lac
Cement	Tonnes	2317	37.06	1103	17.14	4450	71.62	2317	37.06

(E) Value of Imported and Indigenous Raw Materials, Stores and Spare Parts consumed —

	Raw Materials 1998-99 Rs. Lac	%	1997-98 Rs. Lac	%	Stores and Spare Parts 1998-99 Rs. Lac	%	1997-98 Rs. Lac	%
(i) Imported	—	—	—	—	—	—	—	—
(ii) Indigenous	3543.85	100.00	2868.32	100.00	153.74	100.00	138.92	100.00
	3543.85	100.00	2868.32	100.00	153.74	100.00	138.92	100.00

13. Previous year's figures have been regrouped and rearranged wherever necessary.

Signature to Schedules 1 to 18

For and on behalf of the Board,

M. M. RAJORIA
Chairman

DR. D. GHOSH
Managing Director

M. BALAJI
Company Secretary &
Finance Manager

N. H. ITALIA
Director

Mumbai, April 26, 1999.

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 31233 — State Code 21

Balance Sheet Date 31 03 99

II. Capital Raised during the year (Amount in Rs. Thousand) (Face Value)

Public Issue: NIL — Right Issue: NIL

Bonus Issue: NIL — Private Placement: NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities*: 691013 — Total Assets: 691013

SOURCE OF FUNDS

Paid-up Capital: 275667 — Reserves & Surplus: 49444

Secured Loans: 154497 — Unsecured Loans: 111486

APPLICATION OF FUNDS

Net Fixed Assets: 409415 — Investments: NIL

Net Current Assets: 36192 — Misc. Expenditure: NIL

Accumulated Losses: 145487

IV. Performance of Company (Amount in Rs. Thousands)

Turnover**: 744873 — Total Expenditure***: 642676

Profit Before tax: + 102197 — Profit After Tax: + 87844

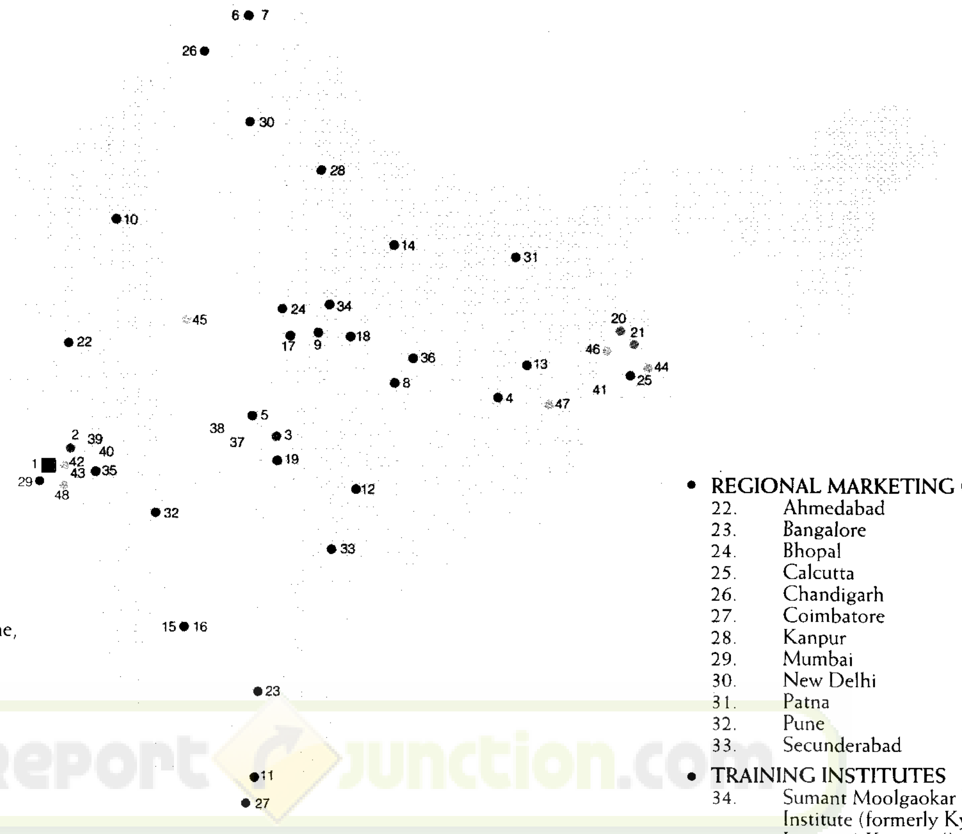
Earning per Share (in Rs.): 3.19 — Dividend Rate (%): NIL

V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code): 252300

Product Description: CEMENT

* Including Share Holders' Fund
** Including Other Income
*** Excluding Prior Period Items.



- **CORPORATE OFFICE**
  1. Cement House, Mumbai, (Maharashtra)
- **RESEARCH AND CONSULTANCY DIRECTORATE**
  2. Central Research Station, Thane, (Maharashtra) 1965
  3. MRD Logistics Base, Nagpur (Maharashtra) 1996
- **CEMENT PLANTS**
  4. Chaibasa (Bihar) 1947 Capacity : 6.12 LT
  5. Chanda (Maharashtra) 1970 Capacity 6.81 LT
  6. Gagal I (Himachal Pradesh) 1984 Capacity : 9.63 LT
  7. Gagal II (Himachal Pradesh) 1994 Capacity : 13.42 LT
  8. Jamul (Madhya Pradesh) 1965 Capacity : 15.84 LT
  9. Kymore Mehgaon (M.P.) 1995 Capacity : 14.00 LT
  10. Lakheri (Rajasthan) 1917 Capacity : 4.44 LT
  11. Madukkarai (Tamil Nadu) 1934 Capacity : 8.09 LT
  12. Mancherial (Andhra Pradesh) 1958 Capacity : 3.31 LT
  13. Sindri (Bihar) 1955 Capacity : 6.00 LT
  14. Tikaria (UP) 1999 Capacity : 6.00 LT
  15. Wadi I (Karnataka) 1968 } Capacity :
  16. Wadi II (Karnataka) 1982 } 20.47 LT
- **REFRACTORIES**
  17. Katni Refractories (MP) 1946
  18. Kymore Refractories (MP) 1992
  19. Nagpur Refractories (Maharashtra) 1995
- **ADVANCED MATERIALS**
  20. Synthetic Ferric Oxide Plant, Falta (West Bengal) 1995
  21. Dylyn Demonstration Centre Salt Lake City, Calcutta (WB) 1998

- **FOREIGN COLLABORATIONS**

JAPAN	Asahi Glass Company Ltd
	Kobe Steel Ltd
	Asanotec Ltd (formerly Nihon Cement Company Ltd)
	Bridgestone Corporation Ltd
	Unozawa-Gumi Iron Works Ltd
	ShinMaywa Industries Ltd
UK	Hiltek Materials Ltd
	Midland Tyre Machinery Co Ltd
BELGIUM	ETEX Group
GERMANY	Refratechnik GmbH
	Intocast GmbH
	Siemens + Matsushita Components GmbH & Co KG
USA	Research Cottrell Companies Inc
	Aluminum Company of America (Alcoa)
	Advanced Refractory Technologies, Inc
FRANCE	Terres Refractories du Boulonnais (TRB)
AUSTRALIA	The RTZ Corporation Plc-CRA Ltd
IRAN	Fars + Khuzestan Cement Company
DENMARK	Scan-form Building Systems Ltd

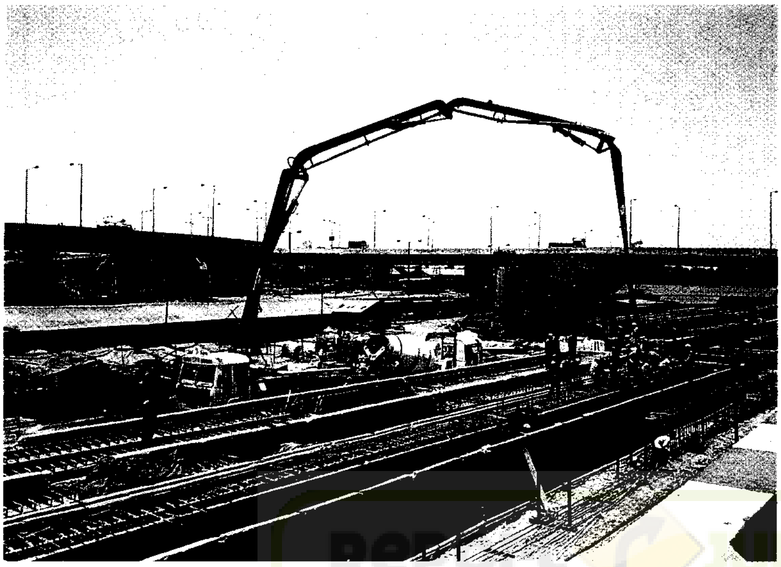
- **REGIONAL MARKETING OFFICES**
  22. Ahmedabad
  23. Bangalore
  24. Bhopal
  25. Calcutta
  26. Chandigarh
  27. Coimbatore
  28. Kanpur
  29. Mumbai
  30. New Delhi
  31. Patna
  32. Pune
  33. Secunderabad
- **TRAINING INSTITUTES**
  34. Sumant Moolgaokar Engineering Institute (formerly Kymore Engineering Institute) Kymore (MP)
  35. Technical and Management Training Centre, RCD, Thane (Maharashtra)
  36. Regional Training Centre (World Bank/Danida) Jamul (MP)

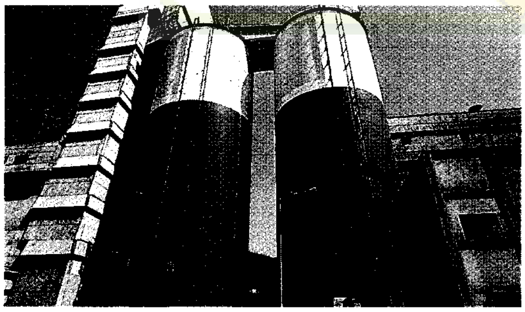
SUBSIDIARIES
37. ACC Machinery Company Ltd Nagpur (Maharashtra)
38. ACC-Nihon Castings Ltd (ANCL) Nagur (Maharashtra)
39. The Cement Marketing Company of India Ltd Mumbai (Maharashtra)
40. Bulk Cement Corporation (India) Ltd Mumbai (Maharashtra)
41. Damodhar Cement and Slag Ltd Madhukunda (WB)

ASSOCIATES
42. Eternit Everest Ltd Mumbai (Maharashtra)
43. Floatglass India Ltd Mumbai (Maharashtra)
44. Alcoa-ACC Industrial Chemicals Ltd Calcutta (WB)
45. Bridgestone ACC India Ltd Indore (MP)
46. International Ferrites Ltd (IFL) Kalyani (WB)
47. Tata-Robins-Fraser Ltd (TRF) Jamshedpur (Bihar)
48. ACC-Rio Tinto Exploration Ltd Thane, Mumbai

- **OVERSEAS**
  Yanbu Cement Co (KSA)
  Gandil Agricultural Co Ltd (Sudan)
  Iran and India Cement Engineering Consultants PJS Tehran, Iran

A view of some ACC operations





TATA DONNELLEY